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**HILAL AHMAD**

PREFACE

I am glad indeed to place this title **3rd EDITION MCQ NTA MANAGEMENT** in the hands of those students who are preparing for **NTA exam**.

This book is written strictly according to the prescribed syllabus. In preparing this book, I have freely drawn the material both from the books of Indian & foreign authors.

The book is divided into **14 units**.

I hope and believe that the book will cater to the requirements of the students and wish the readers a happy and enriching experience, while reading this book. I request every teacher and the taught to bring such mistakes to the notice of the author so that they can be redressed in the next edition.

I welcome every constructive suggestion that goes in improving the quality of the work and the utility of the book.

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UNIVERSITY GRANTS COMMISSION NET BUREAU

NET SYLLABUS

Subject: Management

Code No. : 17

Unit – I

Management – Concept, Process, Theories and Approaches, Management Roles and Skills

Functions – Planning, Organizing, Staffing, Coordinating and Controlling. Communication – Types, Process and Barriers.

Decision Making – Concept, Process, Techniques and Tools

Organization Structure and Design – Types, Authority, Responsibility, Centralization, Decentralization and Span of Control

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Demand analysis – Utility Analysis, Indifference Curve, Elasticity & Forecasting Market Structures – Market Classification & Price Determination

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Ethical Issues & Dilemma Corporate Governance Value Based Organization

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Organization Development, Change & OD Interventions Talent Management & Skill Development

Employee Engagement & Work Life Balance

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Trade Union & Collective Bargaining

International Human Resource Management – HR Challenge of International Business

Green HRM

Unit– IV

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Preparation of Cost Sheet, Marginal Costing, Cost Volume Profit Analysis Standard Costing & Variance Analysis

Financial Management, Concept & Functions

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Unit –V

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Dividend – Theories and Determination

Mergers and Acquisition – Corporate Restructuring, Value Creation, Merger Negotiations, Leveraged Buyouts, Takeover

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Derivatives – Options, Option Payoffs, Option Pricing, Forward Contracts & Future Contracts

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International Financial Management, Foreign exchange market

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UNIT-1

MANAGEMENT

1. Behaviorally Anchored Rating Scales (BARS) is a sophisticated performance rating method. Which of the following is not true with regard to BARS?

- (a) BARS minimizes subjective interpretation inherent in graphic rating scales
- (b) BARS make use of 'anchors' (common reference points of performance)
- (c) BARS concentrates on job-specific behaviors and hence is highly meaningful
- (d) BARS is a simple and cost-effective rating method
- (e) BARS can be applied in organizations where a large number of people perform similar jobs.

2. Which of the following is not true with regard to functional authority?

- (a) Functional authority is the authority staff members have over line members within the limits of their functions
- (b) Functional authority has the same effect as line authority but it doesn't have the right that line authority has, to punish violations or deviations in order to ensure compliance
- (c) Functional authority is limited to those areas where a staff member has some technical competence
- (d) The use of functional authority should be restricted to the procedural aspects of a function
- (e) Functional authority is in sync with the principle of unity of command.

3. Creativity is an important factor in managing people. Which of the following is not true with regard to the creative process?

- (a) Creativity is the ability to develop new ideas
- (b) The creative process starts with unconscious scanning
- (c) Intuition connects the unconscious with the conscious
- (d) Insight leads to intuition
- (e) Insight is tested against organizational reality.

4. According to "expectancy theory", the probability of an individual acting in a particular way depends on

- I. The personality of the individual and the likelihood it will change.
- II. The company and its potential to be moving in the right direction.
- III. The situation.

IV. The strength of that individual's belief that the act will have a particular outcome and on whether the individual values that outcome.

- (a) Only (I) above
- (b) Only (IV) above
- (c) Both (I) and (III) above
- (d) Both (II) and (IV) above
- (e) (I), (III) and (IV) above.

5. Which of the following techniques for improving productivity aims at reducing costs by analyzing and improving individual operations of a product or service?

- (a) Work simplification
- (b) Time-event network
- (c) Value engineering
- (d) Total Quality Management
- (e) Quality Circle.

6. Span of control an important factor, which is to be taken into account when undertaking organizational design. Maintaining a large span of control within an organization is most effective in all except one of the following situations?

- (a) When subordinates prefer autonomy
- (b) When tasks are routine
- (c) When jobs are similar but have varying performance measures
- (d) When subordinates are highly trained
- (e) When managers are competent.

7. Functional job analysis is a widely used systematic job analysis approach. Which of the following dimensions of an individual's job does functional job analysis focus on?

- I. Data, people and jobs pertaining to the individual's job.
- II. Interpersonal relationships required to perform the job.
- III. Tools and equipment used by the worker.
- IV. Products and services produced by the worker.

- (a) Only (I) above
- (b) Only (III) above
- (c) Both (II) and (IV) above
- (d) (I), (III) and (IV) above
- (e) All (I), (II), (III) and (IV) above.

8. Organizational culture is the collection of shared values, beliefs, rituals, stories, myths and specialized language that foster a feeling of community among organization members. Which of the following is not a characteristic of organization culture?

- (a) It differentiates one organization from another
- (b) It defines the internal environment of an organization
- (c) It ensures consistency in the behavior of organization members
- (d) It remains absolutely stable throughout the life of an organization

(e) It is perceived by the organization members as well as by outsiders.

9. Management By Objectives (MBO) is a system for achieving organizational objectives, enhancement of employee commitment and participation. Which of the following is not an advantage of MBO?

- (a) Role clarity
- (b) Clarity in organizational action
- (c) Personnel satisfaction
- (d) Basis for organizational change
- (e) Flexibility.

10. Which of the following are the characteristics of the planning process usually adopted in Japanese Management style?

- I. Long-term orientation.
- II. Individual decision-making.
- III. Decisions flowing from bottom to top and back.
- IV. Slow decision-making.
- (a) Both (I) and (II) above
- (b) Both (I) and (III) above
- (c) Both (II) and (IV) above
- (d) (I), (III) and (IV) above
- (e) (II), (III) and (IV) above.

Answers

1. Answer : (d)

Reason: BARS minimizes subjective interpretation inherent in **graphic rating scales**. They make use of 'anchors' (**common reference points of performance**) and they concentrate on job-specific behaviors and hence are highly meaningful. However, BARS are time-consuming and costly to develop, as they should cover each dimension of all jobs in the department. As a result, **BARS** tend to be used in situations in which relatively large numbers of individuals perform similar jobs.

2. Answer : (e)

Reason: The authority to control other departments, related to specific tasks, is known as **functional authority**. It is defined as the formal **authority staff members** have over **line members** within the limits of their functions. It has the same effect as line **authority** but it does not have the right that line authority has, to punish violations or deviations in order to ensure compliance. **Functional authority** is limited to those areas where a staff person has some technical competence. The use of functional authority should be restricted to the procedural aspects of a function. But functional authority violates the principle of unity of command since authority over specific functional activities is exercised not only by line managers but also by **staff managers**.

3. Answer : (d)

Reason: Creativity is the ability to develop new ideas. The creative process comprises **four phases: unconscious scanning, intuition, insight, and logical formulation**. **Intuition** connects the unconscious with the **conscious**, and leads to insight. In the final phase of the **creative process**, insight is tested against **organizational** reality.

4. Answer : (b)

Reason: According to "**expectancy theory**", the probability of an individual acting in a particular way depends on the strength of that individual's belief that the act will have a particular outcome and on whether the individual values that outcome. Hence option (b) is the correct answer.

5. Answer : (c)

Reason: Value engineering involves analyzing the operations of the products or service, estimating the value of each operation, and modifying that operation so that the cost is lowered.

(a) Work simplification involves teaching workers the concepts of time and motion studies, layout of work situations, and workflow analysis in order to improve work methods.

(b) Time-event network is a logical extension of the Gantt chart and uses Critical Path Method to help in planning and controlling operations.

(d) Total Quality Management (TQM) calls for active participation of all the members at all levels of the organization in order to ensure its (the organization's) long-term commitment to improvement of quality.

(e) A quality circle is a group of people who belong to an organizational area and who meet regularly to solve the problems they face at work.

6. Answer : (c)

Reason : Maintaining a large span of control within an organization is most effective in all situations except when jobs are similar but have varying performance measures.

7. Answer: (d)

Reason: Functional Job Analysis focuses on the following dimensions of an individual job:

I. **Data, people and jobs pertaining to the individual's job.**

III. **Tools and equipment used by the worker.**

IV. **Products and services produced by the worker.**

Hence, from above discussion, we can infer that option (d) is correct.

8. Answer : (d)

Reason: **Organization culture** is the collection of shared values, beliefs, rituals, stories, myths, and specialized language that foster a feeling of community among organization members. Organizational culture is distinctive and it differentiates one organization from another. It is based on certain norms, which define the internal environment of an organization. When the members of an organization interact with each other, they use a common language, and follow the same norms and hence organizational culture ensures consistency in their behavior. It is perceived by the members of the organization as well as by outsiders. Though organizational culture is fairly stable, it keeps evolving from time to time.

9. Answer : (e)

Reason: **MBO** helps in better managing the organizational resources and activities through clarity of objectives, role clarity, periodic feedback on performance, and participation by managers. It provides

the key result areas (KRAs) where organizational efforts are needed, which leads to clarity in organizational action. Since **MBO** allows participation of employees in objective setting and a rational performance appraisal, it provides the greatest opportunity for personnel satisfaction. Also, MBO stimulates organizational change and provides a framework and guidelines for planned change, enabling the top management to initiate, plan, direct, and control the direction and speed of change. However, **MBO** has some limitations also, which include inflexibility in the organization, particularly when the objectives need to be changed.

10. Answer: (d)

Reason: The characteristics of the planning process usually adopted in Japanese Management style are: (1) Long-term orientation, (2) Collective decision-making, (3) Decisions flowing bottom to top and back, (4) Slow decision-making. Hence, (d) is the correct answer.

11. Information that originates outside the organization is known as external information. Which of the following is/are example(s) of external information in an organization?

- (a) Daily receipts and expenditures
- (b) Salesperson Quotas
- (c) Descriptions of customer satisfaction with products and services
- (d) Quantity of an item in hand or in inventory
- (e) Cost and selling price of the company's item.

12. Which of the following decision-making models emphasizes short-run solution of a problem rather than long-term goal accomplishment?

- (a) Rational model
- (b) Satisficing model
- (c) Incremental model
- (d) Garbage-can model
- (e) Decision tree.

13. Sofia works in one of seven research and development departments at General Automobile Corporation. This would suggest that General Automobiles has a

- (a) Functional structure
- (b) Divisional structure
- (c) Flat structure
- (d) High degree of centralization
- (e) Tall structure.

14. Which of the following information processing systems gives the output in the form of summary and exception reports that are useful to the managers?

- (a) Decision support system
- (b) Management information system
- (c) Office automation system
- (d) Transaction processing system
- (e) Executive support system.

15. In which of Likert's four systems of leadership, managers do not have complete confidence and trust in subordinates but nevertheless, solicit advice from subordinates while retaining the right to make final decision?

- (a) Participative leadership style
- (b) Benevolent-authoritative leadership style

- (c) Consultative leadership style (d) Exploitative-authoritative leadership style
- (e) Trait theory of leadership style.

16. Performance appraisals are important in an organization because they

- I. Provide systematic judgments to support promotions.
- II. Provide a basis for coaching.
- III. Provide a basis for counseling.
- IV. Let subordinates know where they stand with the boss.

- (a) Only (I) above (b) Only (II) above
- (c) Both (I) and (IV) above (d) (I), (III) and (IV) above
- (e) All (I), (II), (III) and (IV) above.

17. Ratio analysis helps a manager to compare the performance of the organization with its previous performance or the performance of its competitors. Which of the following is a ratio of creditors' contribution to that of the owners?

- (a) Current ratio (b) Debt-equity ratio
- (c) Return on investment (ROI) (d) Net profit margin
- (e) Inventory turnover.

18. Which of the following inventory techniques uses cards to monitor inventory movement?

- (a) ABC Analysis (b) JIT Approach (c) Kanban
- (d) Kaizen (e) Economic Order Quantity.

19. A decision support system (DSS) is an interactive computer system used to plan and make decisions. Which of the following is/are true with regard to Decision Support System (DSS)?

- I. Executive decisions are the focal points in DSS.
- II. DSS specializes in easy-to-use software.
- III. DSS employs interactive processing.
- IV. The control and use of DSS rests with the central information management department.

- (a) Only (I) above (b) Both (I) and (II) above
- (c) Both (III) and (IV) above (d) (I), (II) and (III) above
- (e) (II), (III) and (IV) above.

20. Which of the following is/are postulates of the path – goal theory?

- I. The leader clearly defines the path to goal attainment for subordinates.
- II. The leader motivates subordinates to participate in decision-making.

III. The leader sets clear and specific goals for subordinates.

IV. The leader suitably rewards employees as per their performance.

(a) Only (II) above

(b) Only (IV) above

(c) Both (II) and (IV) above

(d) (I), (II) and (IV) above

(e) All (I), (II), (III) and (IV) above.

Answers

11. Answer : (c)

Reason: Descriptions of customer satisfaction with products and services are examples of external information in an organization. Hence from above discussion, we can infer that option (c) is correct.

Options (a), (b), (d) and (e) are all examples of internal information in an organization.

12. Answer : (c)

Reason: **Incremental model emphasizes** short-run solution of a problem rather than long-term goal accomplishment. **(a) Rational model** is a model of managerial decision-making, which suggests that managers engage in completely rational decision process, ultimately make optimal decisions and process, and understand all information relevant to their decisions at the time they make them. **(b) Satisficing model describe** the way modern managers must, of necessity, make decisions with incomplete information by choosing from among the few most likely alternatives. **(d) Garbage** can model is a non-rational model of management decision-making stating that managers behave in virtually a random pattern in making non-programmed decisions. **(e) Decision tree** is a quantitative decision-making tool based on a graphic model that displays the structure of a sequence of alternative courses of action and usually shows the payoff associated with various paths and the probabilities associated with future conditions.

13. Answer : (b)

Reason: Sofia works in one of seven research and development departments at General Automobile Corporation and this suggests that General Automobile has a divisional structure. i.e. to say divisional structure is a type of departmentation in which positions are grouped according to similarity of products, services or markets. **(a) Functional structure** is a type of departmentation in which positions are grouped according to their main functional or specialized area. (c) Flat structure is a structure that has few hierarchical levels and wide spans of control. **(d) High degree** of centralization is the tendency to restrict delegation of decision-making in an organization structure, usually by holding authority at or near the top of the organization structure. **(e) Tall structure** is a structure that has many hierarchical levels and narrow spans of control.

14. Answer : (b)

Reason: **MIS (Management Information System)** gives the output in the form of summary and exception reports that are useful to the manager.

15. Answer : (c)

Reason: When managers have substantial but not complete confidence and trust in subordinates and solicit advice from subordinates while retaining the right to make final decision, **Likert's four systems of management describes it as consultative leadership style.** **(a) In Participative leadership style** the

manager has complete trust and confidence in the subordinates in all the matters. **(b) In Benevolent leadership style the managers** have a patronizing confidence and trust in subordinates, solicit some ideas and opinions from subordinates, motivate with rewards and some fear and punishment, permit some upward communication and allow some delegation of decision-making but with close policy control. **(d) In exploitative-authoritative leadership style** the managers represents doctoral leadership behavior with all decisions made by the manager. **(e) Trait theory of leadership style** assumes that leaders share certain inborn personality traits.

16. Answer : (e)

Reason: Performance appraisals are important in an organization because they provide systematic judgements to support promotions; provide a basis for coaching; provide a basis for counseling; and let subordinates know where they stand with the boss.

17. Answer : (b)

Reason: **Debt-equity ratio** indicates what percentage of the organization's assets creditors furnish. **(a) Current ratio is the ratio of current assets to current liabilities. (c) Return on investment (ROI) is the ratio of net income to total assets. (d) Net profit margin is the ratio of net income to net sales. (e) Inventory turnover is the ratio of cost of goods sold to inventory.**

18. Answer : (c)

Reason: **Kanban** is a subsystem of the JIT approach involving a simple parts movement system that depends on cards and containers to pull parts from one work center to another. **(a) ABC analysis** is a technique of inventory management, in which the inventory is distributed based on price & usage of the inventory. **(b) A JIT is an approach** to inventory control that emphasizes having materials arrive just as they are needed in the production process. **(d) Kaizen** is a Japanese term implying continuous improvement. **(e) EOQ is** an inventory control method developed to minimize ordering plus holding costs, while avoiding stock out costs.

19. Answer : (d)

Reason: The following are the characteristics of DSS:

- I. Executive decisions are the focal points in DSS.
- II. DSS specializes in easy-to-use software
- III. DSS employs interactive processing.
- IV. (1V) The control and use of DSS rests with the users and not the central information management department

Statement given in (IV) is incorrect; hence option (d) is the correct answer.

20. Answer : (e)

Reason: According to **Path-Goal theory**, the leader clearly defines the path to goal attainment for subordinates, when leader motivates subordinates to participate in decision-making and sets clear and specific goals to the organization and a leader should suitably reward employees as per their performance. So, all the statements mentioned are true for path-goal theory.

21. In the past three to four decades, many management theorists, and writers have made remarkable contribution in the study of management. By studying the various approaches to management analysis, we can understand the concept of management and have a better understanding of managerial functions. Which approach to management emphasizes managing people by understanding their individual psychological needs?

- (a) Empirical Approach (b) Decision Theory Approach
(c) Management Science Approach (d) Interpersonal Behavior Approach
(e) Contingency Approach.

22. The communication process is made up of various components. Which of the following is the actual physical product from the source?

- (a) Feedback (b) Filter (c) Message
(d) Channel (e) Understanding.

23. Which of the following would not be an accurate depiction of the differences between strategic and tactical planning?

- (a) Strategic planning is developed mainly by upper-level management and tactical planning is generally developed by lower-level management
(b) Facts for strategic planning are generally easier to gather than facts for tactical planning
(c) Strategic plans generally contain less details than tactical plans
(d) Strategic plans generally cover a longer period of time than tactical plans
(e) Managers who are engaged in the development of strategic plans tend to work in more uncertainty than those managers engaged in the development of tactical plans.

24. Which of the following statements concerning grapevine is not correct?

- (a) Grapevine is generally used irregularly in organizations
(b) Grapevine can and often does generate harmful rumors
(c) Grapevine is used largely to serve the self-interests of people within it
(d) Some managers use grapevine to their advantage
(e) In time, and with proper pressure, grapevine can be eliminated.

25. The conflict-resolution approach that corresponds with a high level of assertiveness and a low level of cooperativeness, is referred to as

- (a) Compromising (b) Collaborating (c) Forcing
(d) Avoiding (e) Accommodating.

26. Mr. Sunil works for "Energy Engineering Works." Apart from the regular compensation, the company provides him with things such as tuition reimbursement, recreational opportunities etc. What is the name given to these things of value?

- (a) Incentives (b) Benefits (c) Rewards
(d) Compensation (e) Social benefits.

27. The fact that 70-80 percent of a manager's time is taken up by his interactions with others, highlights the need for effective communication for successful management. Which of the following strategies is not likely to improve communication effectiveness?

- (a) Avoiding non-verbal cues
- (b) Using simple, unambiguous language
- (c) Using active listening techniques
- (d) Using appropriate and consistent nonverbal cues
- (e) Using the feedback loop in the communication process.

28. Two factor theory of motivation provides useful insights into the relationship between individual and situational or hygiene factors. Which of the following is a hygiene factor?

- (a) Achievement
- (b) Interpersonal relations
- (c) Recognition
- (d) Challenging work
- (e) Increased responsibility.

29. Identify the sequence of different steps in controlling.

- I. Measurement of performance.
- II. Comparison of actual and standard.
- III. Analysis of causes of deviation.
- IV. Actual performance.
- V. Corrective action plan.

- (a) (III), (IV), (V), (I), (II)
- (b) (II), (III), (IV), (V), (I)
- (c) (I), (II), (IV), (III), (V)
- (d) (IV), (I), (II), (III), (V)
- (e) (V), (IV), (III), (II), (I).

30. JIT (Just-In-Time) inventory control is an approach to inventory control, which stipulates that materials should arrive just, as they are needed, in the production process. Which of the following would generally not be associated with a successful JIT program, for the purpose of inventory control?

- (a) Well-organized receiving and handling of materials purchased from suppliers
- (b) Strong management commitment
- (c) Suppliers located in diverse and distant locations
- (d) High quality of materials purchased from suppliers
- (e) Dependable and long-lasting relationships with suppliers and customers.

Answers

21. Answer : (d)

Reason: **Interpersonal Behavior Approach** to management emphasizes managing people by understanding their individual psychological needs. Hence, from above discussion, we can infer that option (d) is correct.

22. Answer: (c)

Reason: The communication process is made up of various components. The message is the actual physical product from the source encoding. Hence, from above discussion, we can infer that option (c) is correct.

23. Answer: (b)

Reason: **Strategic plan** is used to establish overall objectives for the organization and position the organization in terms of its environment. Facts for strategic planning are generally more difficult to gather than facts for tactical planning. Hence, from above discussion, we can infer that option (b) is correct.

24. Answer: (e)

Reason: Grapevine is an integral part of organizational communication and hence cannot be eliminated.

25. Answer: (c)

Reason: The conflict-resolution approach that corresponds with a high level of assertiveness and a low level of cooperativeness is referred to as Forcing. Hence, from above discussion, we can infer that option (c) is correct.

26. Answer : (b)

Reason: The term associated with things such as tuition reimbursement, recreational opportunities etc is benefits which is provided apart from the regular compensation. i.e. Benefits are forms of supplementary compensation. They represent monetary and non-monetary payments over and above the wages paid. (a) Incentives represent special compensation opportunities that are usually tied to performance. (c) Rewards are given in recognition of specific achievements whereas social benefits in the form of say club memberships are given to enhance the employee status. (d) Compensation is the financial remuneration given by the organization to its employers for their work.

27. Answer: (a)

Reason: Avoiding non-verbal cues is not likely to improve communication effectiveness. Rather, non-verbal cues are very important for effective communication as they often help in understanding the hidden feelings in people.

Hence, from above discussion, we can infer that option (a) is correct.

28. Answer: (b)

Reason: Interpersonal relationships can be considered as a hygiene factor under Two factor theory.

29. Answer : (d)

Reason: The steps in controlling are actual performance, measurement of performance, comparison of actual and standard. Analysis of courses of deviation and corrective action plan. (d) is correct answer.

30. Answer: (c)

Reason: A successful JIT program requires that suppliers be located in close proximity of the company, so that materials can arrive as and when needed.

Hence from above discussion, we can infer that option (c) would generally not be associated with a successful JIT program. Options (a), (b), (d) and (e) would all be associated with a successful JIT program.

31. Assigning workers additional tasks on the same level, which increases the number of tasks they have to do, is known as

- (a) Job enrichment
- (b) Job enlargement
- (c) Job rotation
- (d) Vertical job loading
- (e) Job loading.

32. Performance appraisal methods must consider various aspects of a job. Which of the following types of appraisal implies evaluating an individual based on actual job performance?

- (a) Behavior-oriented
- (b) Results-oriented
- (c) Work-oriented
- (d) Skills-oriented
- (e) Knowledge-oriented.

33. There are various appraisal techniques used in an organization. A performance appraisal technique that makes use of feedback from supervisors, subordinates and co-workers, is known as

- (a) Work-oriented appraisal
- (b) 360-degree appraisal
- (c) Informal appraisal
- (d) Graphic Rating
- (e) Behaviorally Anchored Rating.

34. Managers vary in their assumptions about people working in an organization. Which of the following manager types would best describe an individual who believes that most people dislike work and will avoid it whenever possible?

- (a) Creative manager
- (b) Transformational manager
- (c) Theory Y manager
- (d) Theory X manager
- (e) Autocratic manager.

35. Which of the following theories proposes that the factors that help prevent dissatisfaction on the job do not necessarily lead to satisfaction?

- (a) Vroom's expectancy theory
- (b) Adam's equity theory

- (c) Herzberg's motivation-hygiene theory
- (d) McClelland's three-needs theory
- (e) Mc Gregor's theory X.

36. According to Kurt Lewin, a leader who allows his employees complete freedom to make decisions and to complete work in whatever way they think is best, is using which leadership style?

- (a) Democratic-participative
- (b) Laissez-faire
- (c) Autocratic
- (d) Democratic-consultative
- (e) Team management.

37. JIT (Just-In-Time) inventory control is an approach to inventory control that stresses on having materials arrive just when they are required in the production process. Which of the following does not apply to Just-In-Time (JIT) system?

- (a) Suppliers need to be located in close proximity
- (b) Organization must have ISO 9001 certification
- (c) Reliable transportation facilities should be available
- (d) Suppliers need to be capable of providing high quality materials
- (e) Long-term relationships should be maintained with the suppliers.

38. If a manager is evaluating the quality of the company's product by examining complaint forms submitted by customers, then he/she is using which of the following types of control?

- (a) Concurrent control
- (b) Feedback control
- (c) Preventive control
- (d) Yes-no control
- (e) Preliminary control.

39. Ratio is an index that measures one variable relative to another and is generally expressed as a percentage or a rate. The ratio that tests how leveraged an organisation is, may be referred to as

- (a) Current ratio
- (b) Return-on-investment
- (c) Debt ratio
- (d) Net profit margin
- (e) Inventory turnover ratio.

40. Which of the following is not upward communication?

- (a) Cost accounting report

(b) Purchase order summary

(c) Production report

(d) Corporate policy statement

(e) Sales report.

Answers

31. Answer: (b)

Reason: This is a job design approach that involves the allocation of a wider variety of similar tasks to a job in order to make it more challenging.

32. Answer: (b)

Reason: Results-oriented appraisal implies evaluating an individual based on actual job performance. Hence, option (b) is correct.

33. Answer: (b)

Reason: A performance appraisal technique that makes use of feedback from supervisors, subordinates and co-workers, is known as 360-degree appraisal. Hence, option (b) is correct.

34. Answer: (d)

Reason: **Mc Gregor's Theory X** manager assumes that individuals dislike work and will avoid it whenever possible. Hence, option (d) is correct.

35. Answer: (c)

Reason: Herzberg's motivation-hygiene theory proposes that the factors that help prevent dissatisfaction on the job do not necessarily lead to satisfaction.

36. Answer: (b)

Reason: According to **Kurt Lewin**, a laissez-faire leader allows his employees complete freedom to make decisions and to complete work in whatever way they think is best.

37. Answer: (b)

Reason: Having ISO 9001 certification is not a pre-requisite to adopt a Just-In-Time (JIT) system. Hence, option (b) is correct.

38. Answer: (b)

Reason: Feedback control is a control type based on timing that involves regulation exercised after a product or service has been completed, to ensure that they meet the standards necessary for the transformation process. Hence, option (b) is correct.

39. Answer: (c)

Reason: Debt ratio measures the percentage of total assets financed by debt (including current liabilities). So, it tests how leveraged an organisation is. Hence, option (c) is correct.

40. Answer: (d)

Reason: Except corporate policy statements, all the options given are examples of upward communication.

41. Non-programmed decisions are those that deal with unusual or exceptional problems. They are the decisions for which predetermined decision rules are impractical because the situations are novel and/or ill-structured. When managers behave in a random fashion in making non-programmed decisions, the manager's approach falls into which of the following decision-making models?

- (a) Rational model
- (b) Satisficing model
- (c) Incremental model
- (d) Brainstorming model
- (e) Garbage-can model.

42. Based on the degree of certainty involved, every decision-making situation falls into one of the three categories: (i) certainty, (ii) risk and (iii) uncertainty. When predictability is lower, a condition of risk exists. Which of the following is a characteristic of decision-making under risk?

- (a) The decision-maker has complete information about available alternatives, and has a good idea of the probability of particular outcomes for each alternative
- (b) The decision-maker has complete information about available alternatives, but has no idea of the probability of particular outcomes for each alternative
- (c) The decision-maker has incomplete information about available alternatives, but has a good idea of the probability of particular outcomes for each alternative
- (d) Future environment is unpredictable and everything is in a state of flux
- (e) The decision-maker is not aware of all alternatives, the risks associated with each, or the consequences of each alternative, or their probabilities.

43. Major decisions in organizations are most often made by groups rather than a single individual. Group decision-making is the norm in most large and complex organizations. There are different group decision-making techniques. Two such techniques are Nominal Group technique and Delphi technique. The difference between the Nominal Group technique and the Delphi technique is

- (a) One is a verbal approach, one is written
- (b) One is a short term group, the other is long term
- (c) One is visual, the other is verbal
- (d) One is face-to-face, the other keeps group members anonymous
- (e) One consists of experts, the other does not.

44. Open systems can accomplish their tasks and meet their objectives through different courses of action. Open systems do not need a single 'best' method to achieve their objectives and accomplish their goals. Which of the following terms implies this concept of reaching the same result by different means?

- (a) Differentiation
- (b) Equifinality
- (c) Dynamic Homeostasis
- (d) Cost Leadership
- (e) Entropy.

45. Divisional structure is a type of departmentation in which positions are grouped according to similarity of products, services or markets. Which of the following is not an advantage of Divisional Structure?

- (a) Each unit or division can respond or react quickly, when required, because they normally do not need to coordinate with other divisions before taking an action
- (b) Coordination is simplified as each division is similar to an organization, containing the various functions within it
- (c) Individuals are able to develop in-depth areas of specialization to the same extent as in a functional structure
- (d) It helps the organization to focus on serving a particular customer
- (e) It helps to fix responsibility and accountability for performance.

46. Hari is the only person who completely understands the new computer network in the office area. Whenever anyone has questions, he/she goes to Hari. Hari possesses _____ power.

- (a) Coercive
- (b) Reward
- (c) Expert
- (d) Referent
- (e) Legitimate.

47. Centralization is the systematic and consistent reservation of authority at central points within an organization. Which of the following characteristics makes centralization more appropriate?

- (a) The environment is complex and uncertain
- (b) Decisions are relatively minor
- (c) Lower level managers are capable and experienced decision-makers
- (d) The company is geographically dispersed
- (e) Lower level managers are reluctant to be involved in decision-making.

48. When managers delegate authority, they must allocate commensurate

- (a) Responsibility
- (b) Power
- (c) Money
- (d) Influence
- (e) Respect.

49. Managers need fewer formal rules and regulations in an organization, which has one of the following characteristics

- (a) Weak culture
- (b) Strong culture
- (c) Tall structure
- (d) Culture never impacts structure
- (e) Flat structure.

50. A person who had applied for the post of a service representative, is asked to handle a simulated situation involving a complaining customer, by the company. Which of the following selection devices is being made use of?

(a) Application Blank

(b) Intelligence Test

(c) Personality Test

(d) Work Sampling Test

(e) Knowledge Test.

Answers

41. Answer: (e)

Reason: The Garbage-can approach to decision-making holds that managers behave in a random fashion in making non-programmed decisions. That is, decisions occur by chance and depend on such factors as the participants who happen to be involved in decision-making, the problems about which they happen to be concerned at the moment. Hence, option (e) is the correct answer.

42. Answer: (c)

Reason: The characteristic of decision-making under risk is that the decision-maker has incomplete information about available alternatives, but has a good idea of the probability of particular outcomes for each alternative. Hence, option (c) is correct.

43. Answer: (d)

Reason: The preference or utility theory is based on the belief that individual attitudes toward risk vary with events, with people and positions.

44. Answer: (b)

Reason: Equifinality implies reaching the same result by different means. Hence, option (b) is correct.

45. Answer: (c)

Reason: Divisional Structure is a type of departmentation in which positions are grouped according to similarity of products, services or markets. Individuals are unable to develop in-depth areas of specialization to the same extent as in a functional structure. Hence, option (c) is not an advantage of divisional structure. Options (a), (b), (d) and (e) all are advantages of the divisional structure.

46. Answer: (c)

Reason: In the given example, Hari possesses expert power since he possesses expert knowledge in the specified functional area.

47. Answer: (e)

Reason: Centralization refers to the degree to which decision-making is concentrated at a single point in the organization. The characteristic that makes centralization more appropriate is when lower level managers are reluctant to be involved in decision-making. Hence, option (e) is correct.

48. Answer: (a)

Reason: When managers delegate authority, they must allocate commensurate responsibility.

49. Answer: (b)

Reason: Managers need fewer formal rules and regulations in an organization with a strong culture.

50. Answer: (d)

Reason: Work Sampling Test is used as a means of measuring practical ability on a specific job. The applicant completes some job activity under structured conditions. Hence, option (d) is correct.

51. A production manager of a manufacturing organization is trying to determine how to revise the production department, so that it can produce more units per day and achieve the targets in a specified time. Identify the managerial function.

- (a) Organizing (b) Leading
(c) Controlling
(d) Marketing (e) Auditing.

52. Management is best understood as

- I. A process.
II. Reaching organizational goals.
III. Utilizing people and other resources.
(a) Only (I) above (b) Only (III) above
(c) Both (I) and (II) above (d) Both (I) and (III) above
(e) All (I), (II) and (III) above.

53. The Gantt Chart was invented by Henry L. Gantt. It is still used today in the production planning area of many organizations. It was the first simple visual device to maintain production control. The chart visually shows when tasks are supposed to be done and compares that with the

- (a) Scheduled delivery of materials (b) Supervisor's estimate of completion
(c) Customers' requested date of delivery (d) Actual progress on each task
(e) Scheduled release of future orders.

54. Max Weber, a German sociologist, believed that effective organizations had a formal structure and followed a predefined set of rules and regulations. He identified these organizations as

- (a) Autocratic (b) Authoritative
(c) Hierarchical
(d) Bottomup (e) Bureaucratic.

55. Which of the following best describes line-staff conflict?

- (a) Conflict between two or more individuals with perceived differences in values, goals, or needs
(b) Conflict among an individual's self values, goals, or needs

- (c) Intergroup conflict arising from perceived differences between those directly involved in producing or selling products and those that support functions such as information systems and human resources
- (d) Conflict on account of work delegated without conferring responsibility
- (e) Conflict due to resistance to change.

56. During the early 1900s, the mission of business firms was set exclusively in economic terms. After the 1960s, social activists began to question the singular objective of business enterprises. Managers today continually encounter decisions that have a social dimension. Which of the following is defined as a business firm's obligation, beyond that required by law and economics, to pursue long-term goals that are good for society?

- (a) Social obligation
- (b) Social screening
- (c) Values-based management
- (d) Social responsibility
- (e) Ethical obligation.

57. Standing plans that furnish broad guidelines for channeling management thinking in specified direction are called

- (a) Procedures
- (b) Programs
- (c) Single-use plans
- (d) Policies
- (e) Rules.

58. Just as organizations define goals at different levels, they also establish plans at different levels. On the basis of the organizational level, plans can be strategic, tactical and operational. Which of the following would not be an accurate depiction of the differences between strategic and tactical planning?

- (a) Strategic planning is developed mainly by upper-level management and tactical planning is generally developed by lower-level management
- (b) Facts for strategic planning are generally easier to gather than facts for tactical planning
- (c) Strategic plans generally contain less detail than tactical plans
- (d) Strategic plans generally cover a longer period of time than tactical plans
- (e) Managers who are engaged in the development of strategic plans tend to work in more uncertainty than those managers engaged in the development of tactical plans.

59. The organization level at which strategies are determined for strategic business units is the

- (a) Business level
- (b) Corporate level
- (c) Functional level
- (d) Operational level
- (e) Market level.

60. The BCG matrix was devised in the 1970s by the Boston Consulting Group, a leading management consulting firm. It is a widely used method of portfolio management and helps businesses evaluate

their profitability. According to the BCG matrix, an SBU comprising speculative products that entail high risks, would be referred to as

- (a) A question mark (b) A bull
(c) A dog
(d) A cash cow (e) A star.

Answers

51. Answer: (c)

Reason: When a planning exercise is implemented in production cycle, it is controlling and guiding the work schedules helps in reaching the desired goals. Hence, option (c) is the correct answer.

52. Answer: (e)

Reason: Management is best understood as a process of reaching organizational goals, utilizing people and other resources.

53. Answer: (d)

Reason: The Gantt chart visually shows when tasks are supposed to be done and compares that with the actual progress on each. Hence, option (d) is correct.

54. Answer: (e)

Reason: Weber's bureaucracy theory was supposed to be an epitome of efficiency, but in actual practice, it reflected an opposite picture. In practice, any organization that adopted a bureaucratic approach was found to slow, insensitive to individual needs and grossly inefficient. Hence, option (e) is correct answer.

55. Answer: (c)

Reason: Line-staff conflict is intergroup conflict arising from perceived differences between those directly involved in producing or selling products and those that support functions such as information systems and human resources.

56. Answer: (d)

Reason: Social responsibility is defined as a business firm's obligation, beyond that required by law and economics, to pursue long-term goals that are good for society. Hence, option (d) is correct.

57. Answer: (d)

Reason: Policies are standing plans that furnish broad guidelines for channeling management thinking in specified direction.

58. Answer: (b)

Reason: Strategic plan is used to establish overall objectives for the organization and position the organization in terms of its environment. Facts for strategic planning are generally more difficult to gather than facts for tactical planning. Hence, option (b) is correct.

59. Answer: (b)

Reason: Strategies for strategic business units are determined at the corporate level.

60. Answer: (a)

Reason: A question mark is a business unit that has a small relative market share in a rapidly growing market. The future performance of such a business unit is uncertain. Hence, option (a) is correct.

61. When managers have substantial but not complete confidence and trust in subordinates and solicit advice from subordinates while retaining the right to make final decision, Likert's four systems of management describes it as

- (a) Participative leadership style
- (b) Benevolent-authoritative leadership style
- (c) Consultative leadership style
- (d) Exploitative-authoritative leadership style
- (e) Trait theory of leadership style.

62. Communication is the transfer of information from a sender to a receiver, with the information being understood by the receiver. In this process what is the term associated with the selection of appropriate symbols, such as words, numbers or digits by the sender?

- (a) Modeling (b) Encoding (c) Channel (d) Decoding (e) Feedback.

63. For becoming a successful interpersonal communicator, a manager must be able to grasp all of the following except

- (a) How interpersonal communication works
- (b) The importance of verbal versus non-verbal interpersonal communication
- (c) How to get the most out of the grapevine
- (d) The relationship between feedback and interpersonal communication
- (e) How certain factors act as barriers to effective interpersonal communication.

64. The basic method of _____ control is an improvement over _____ control, because it tries to shorten or to eliminate the delay between performance and feedback about the performance

- (a) Feedback, Feed forward (b) Concurrent, Feedback (c) Feedback, Concurrent
- (d) Feed forward, Feedback (e) Steering, Concurrent.

65. The Gantt Chart (invented by Henry L. Gantt), still used today in the production planning area of many organizations, is a method for comparing the actual and planned performances. It was the first simple visual device to maintain production control. It is essentially a bar graph with _____ axis and _____ axis.

- (a) Time on the horizontal; the activities to be scheduled on the vertical
- (b) Time on the vertical; project completion on the horizontal
- (c) Time on the horizontal; project completion on the vertical

(d) Time on the vertical; the activities to be scheduled on the horizontal

(e) Time on either; the activities to be scheduled on the other.

66. Which of the following controls emphasizes on control through speculation of deviations rather than exercising control after the deviations have occurred?

(a) Direct control (b) Indirect control (c) Preventive control

(d) Concurrent control (e) Feedback control.

67. The principle of preventive control brings about a sharp distinction between analyzing performance reports and determining whether managers adopt the established principles in actual practice. Thus, the principle of preventive control can be stated as

I. The higher the quality of managers and their subordinates, the less will be the need for direct controls.

II. The higher the quality of managers and their subordinates, the less will be the need for preventive controls.

III. The higher the quality of managers and their subordinates, the less will be the need for concurrent controls.

(a) Only (I) above

(b) Only (II) above

(c) Only (III) above

(d) Both (I) and (II) above

(e) Both (II) and (III) above.

68. A career strategy should be designed to overcome weaknesses and utilize strengths so as to take advantage of career opportunities. There are various steps in formulating a career strategy. Which of the following steps will precede the others in formulating a career strategy?

(a) Development of Strategic Career Alternatives

(b) Analysis of Personal Strengths and Weaknesses

(c) Consistency Testing and Strategic Choices

(d) Implementation of the Career Plan

(e) Monitoring Progress.

69. Which of the following inventory techniques uses cards to monitor inventory movement?

(a) ABC Analysis

(b) JIT Approach

(c) Kanban

(d) Kaizen

(e) Economic Order Quantity.

70. A Decision Support System (DSS) is an interactive computer system used to plan and make decisions. Which of the following is not true with regard to DSS?

(a) Executive decisions are the focal points in DSS

(b) DSS specializes in easy-to-use software

(c) DSS employs interactive processing

(d) The control and use of DSS rests with the central information management department

(e) DSS is adaptable to change.

Answers

61. Answer: (c)

Reason: When managers have substantial but not complete confidence and trust in subordinates and solicit advice from subordinates while retaining the right to make final decision, **Likert's four systems** of management describes it as consultative leadership style. (a) **In Participative leadership style**, the manager has complete trust and confidence in the subordinates in all the matters. (b) **In Benevolent-authoritative leadership style**, the managers have a patronizing confidence and trust in subordinates, solicit some ideas and opinions from subordinates, motivate with rewards and some fear and punishment, permit some upward communication and allow some delegation of decision-making but with close policy control. (d) **In Exploitative-authoritative leadership style**, the managers represent dictatorial leadership behavior with all decisions made by the manager. (e) **Trait theory of leadership style** assumes that leaders share certain inborn personality traits.

62. Answer : (b)

Reason : Encoding is a process by which a sender translates his thoughts into a series of symbols that he feels, will communicate the message to the intended receiver. (c) **A channel** is anything that links the sender with the receiver. (d) **Decoding** is the interpretation and translation of a message into meaningful information. (e) **A feedback** is a message that is generated by the receiver in response to the sender's original message. (a) **Modeling** is not relevant in this context.

63. Answer : (c)

Reason : The grapevine is an informal communication system and is popularly known as "rumour mill". It is not of relevance to interpersonal communication.

Hence, from above discussion, we can infer that option (c) is correct.

64. Answer : (b)

Reason : **Concurrent control** takes place while operations are going on and is intended to minimize problems as they occur. Concurrent control is a control type based on timing that involves the regulation, monitoring and adjusting of ongoing activities that are part of the transformation process to ensure that they conform to organizational standards. Feedback control takes place after operations are finished and is intended to correct problems that have already occurred. A **feed forward control** is a control type based on timing that focuses on the regulation of inputs to ensure that they meet the standards necessary for the transformation process. Steering control is a technique used to detect deviations and allow corrective actions to be taken while the activity is being performed.

65. Answer: (a)

Reason : A **Gantt chart** is essentially a bar graph with time on the horizontal axis and the activities to be scheduled on the vertical axis.

Hence from above discussion, we can infer that option (a) is correct.

66. Answer : (c)

Reason : Preventive Control emphasizes on control through speculation of deviations rather than exercising control after the deviations have occurred.

67. Answer : (a)

Reason : The principle of preventive control can be stated as “The higher the quality of managers and their subordinates, the less will be the need for direct controls”.

68. Answer : (b)

Reason : The steps in formulating a career strategy are as follows:

- ❖ Preparation of a personal profile.
- ❖ Development of long-range personal and professional goals.
- ❖ Analysis of the environment.
- ❖ Analysis of Personal Strengths and Weaknesses.
- ❖ Development of Strategic Career Alternatives.
- ❖ Consistency Testing and Strategic Choices.
- ❖ Development of short-range career objectives and action plans.
- ❖ Development of contingency plans.
- ❖ Implementation of the Career Plan.
- ❖ Monitoring Progress.

Hence, from above discussion, we can infer that option (b) is correct.

69. Answer : (c)

Reason : **Kanban** is a subsystem of the JIT approach involving a simple parts movement system that depends on cards and containers to pull parts from one work center to another. (a) **ABC analysis** is a technique of inventory management, in which the inventory is distributed based on price and usage of the inventory. (b) A **JIT** is an approach to inventory control that emphasizes having materials arrive just as they are needed in the production process. (d) **Kaizen** is a Japanese term implying continuous improvement. (e) **EOQ** is an inventory control method developed to minimize ordering and holding costs, while avoiding stock out costs.

70. Answer : (d)

Reason : The following are the characteristics of DSS:

- ❖ Executive decisions are the focal points in DSS.
- ❖ DSS specializes in easy-to-use software.
- ❖ DSS employs interactive processing.
- ❖ The control and use of DSS rests with the users and not the central information management department.
- ❖ DSS is adaptable to change

71. In the past three to four decades, many management theorists, and writers have made remarkable contribution in the study of management. By studying the various approaches to management analysis, we can understand the concept of management and have a better understanding of managerial functions. Which approach to management emphasizes managing people by understanding their individual psychological needs?

(a) Empirical Approach

(b) Decision Theory Approach

(c) Management Science Approach

(d) Interpersonal Behavior Approach

(e) Contingency Approach.

72. The communication process is made up of various components. Which of the following is the actual physical product from the source?

(a) Feedback

(b) Filter

(c) Message

(d) Channel

(e) Understanding.

73. Which of the following would not be an accurate depiction of the differences between strategic and tactical planning?

(a) Strategic planning is developed mainly by upper-level management and tactical planning is generally developed by lower-level management

(b) Facts for strategic planning are generally easier to gather than facts for tactical planning

(c) Strategic plans generally contain less details than tactical plans

(d) Strategic plans generally cover a longer period of time than tactical plans

(e) Managers who are engaged in the development of strategic plans tend to work in more uncertainty than those managers engaged in the development of tactical plans.

74. Which of the following statements concerning grapevine is not correct?

(a) Grapevine is generally used irregularly in organizations

(b) Grapevine can and often does generate harmful rumors

(c) Grapevine is used largely to serve the self-interests of people within it

(d) Some managers use grapevine to their advantage

(e) In time, and with proper pressure, grapevine can be eliminated.

75. The conflict-resolution approach that corresponds with a high level of assertiveness and a low level of cooperativeness, is referred to as

(a) Compromising

(b) Collaborating

(c) Forcing

(d) Avoiding

(e) Accommodating.

76. Mr. Sunil works for "Energy Engineering Works." Apart from the regular compensation, the company provides him with things such as tuition reimbursement, recreational opportunities etc. What is the name given to these things of value?

(a) Incentives

(b) Benefits

(c) Rewards

(d) Compensation

(e) Social benefits.

77. The fact that 70-80 percent of a manager's time is taken up by his interactions with others, highlights the need for effective communication for successful management. Which of the following strategies is not likely to improve communication effectiveness?

(a) Avoiding non-verbal cues

- (b) Using simple, unambiguous language
- (c) Using active listening techniques
- (d) Using appropriate and consistent nonverbal cues
- (e) Using the feedback loop in the communication process.

78. Two factor theory of motivation provides useful insights into the relationship between individual and situational or hygiene factors. Which of the following is a hygiene factor?

- (a) Achievement
- (b) Interpersonal relations
- (c) Recognition
- (d) Challenging work
- (e) Increased responsibility.

79. Identify the sequence of different steps in controlling.

- I. Measurement of performance. II. Comparison of actual and standard.
- III. Analysis of causes of deviation. IV. Actual performance.
- V. Corrective action plan.

- (a) (III), (IV), (V), (I), (II)
- (b) (II), (III), (IV), (V), (I)
- (c) (I), (II), (IV), (III), (V)
- (d) (IV), (I), (II), (III), (V)
- (e) (V), (IV), (III), (II), (I).

80. JIT (Just-In-Time) inventory control is an approach to inventory control, which stipulates that materials should arrive just, as they are needed, in the production process. Which of the following would generally not be associated with a successful JIT program, for the purpose of inventory control?

- (a) Well-organized receiving and handling of materials purchased from suppliers
- (b) Strong management commitment
- (c) Suppliers located in diverse and distant locations
- (d) High quality of materials purchased from suppliers
- (e) Dependable and long-lasting relationships with suppliers and customers.

Answers

71. Answer: (d) Reason : Interpersonal Behavior Approach to management emphasizes managing people by understanding their individual psychological needs. Hence, from above discussion, we can infer that option (d) is correct.

72. Answer : (c) Reason : The communication process is made up of various components. The message is the actual physical product from the source encoding. Hence, from above discussion, we can infer that option (c) is correct.

73. Answer : (b) Reason : Strategic plan is used to establish overall objectives for the organization and position the organization in terms of its environment. Facts for strategic planning are generally more difficult to gather than facts for tactical planning. Hence, from above discussion, we can infer that option (b) is correct.

74. Answer : (e) Reason : Grapevine is an integral part of organizational communication and hence cannot be eliminated.

75. Answer : (c) Reason : The conflict-resolution approach that corresponds with a high level of assertiveness and a low level of cooperativeness, is referred to as Forcing. Hence, from above discussion, we can infer that option (c) is correct.

76. Answer : (b) Reason : The term associated with things such as tuition reimbursement, recreational opportunities etc is benefits which is provided apart from the regular compensation. i.e. Benefits are forms of supplementary compensation. They represent monetary and non-monetary payments over and above the wages paid. (a) Incentives represent special compensation opportunities that are usually tied to performance. (c) Rewards are given in recognition of specific achievements whereas social benefits in the form of say club memberships are given to enhance the employee status. (d) Compensation is the financial remuneration given by the organization to its employers for their work.

77. Answer : (a) Reason : Avoiding non-verbal cues is not likely to improve communication effectiveness. Rather, non-verbal cues are very important for effective communication as they often help in understanding the hidden feelings in people. Hence, from above discussion, we can infer that option (a) is correct.

78. Answer : (b) Reason : Interpersonal relationships can be considered as a hygiene factor under Two factor theory.

79. Answer : (d) Reason : The steps in controlling are actual performance, measurement of performance, comparison of actual and standard. Analysis of causes of deviation and corrective action plan. (d) is correct answer.

80. Answer : (c) Reason : A successful JIT program requires that suppliers be located in close proximity of the company, so that materials can arrive as and when needed.

Hence from above discussion, we can infer that option (c) would generally not be associated with a successful JIT program. Options (a), (b), (d) and (e) would all be associated with a successful JIT program.

81. Information that originates outside the organization is known as external information. Which of the following is/are example(s) of external information in an organization?

- (a) Daily receipts and expenditures
- (b) Salesperson Quotas
- (c) Descriptions of customer satisfaction with products and services
- (d) Quantity of an item in hand or in inventory
- (e) Cost and selling price of the company's item.

82. Which of the following decision-making models emphasizes short-run solution of a problem rather than long-term goal accomplishment?

- (a) Rational model
- (b) Satisfying model
- (c) Incremental model
- (d) Garbage-can model
- (e) Decision tree.

83. Sofia works in one of seven research and development departments at General Automobile Corporation. This would suggest that General Automobiles has a

- (a) Functional structure
- (b) Divisional structure
- (c) Flat structure
- (d) High degree of centralization
- (e) Tall structure.

84. Which of the following information processing systems gives the output in the form of summary and exception reports that are useful to the managers?

- (a) Decision support system
- (b) Management information system
- (c) Office automation system
- (d) Transaction processing system
- (e) Executive support system.

85. In which of Likert's four systems of leadership, managers do not have complete confidence and trust in subordinates but nevertheless, solicit advice from subordinates while retaining the right to make final decision?

- (a) Participative leadership style
- (b) Benevolent-authoritative leadership style
- (c) Consultative leadership style
- (d) Exploitative-authoritative leadership style
- (e) Trait theory of leadership style.

86. Performance appraisals are important in an organization because they

- I. Provide systematic judgments to support promotions.
- II. Provide a basis for coaching.
- III. Provide a basis for counseling.
- IV. Let subordinates know where they stand with the boss.

- (a) Only (I) above
- (b) Only (II) above
- (c) Both (I) and (IV) above
- (d) (I), (III) and (IV) above
- (e) All (I), (II), (III) and (IV) above.

87. Ratio analysis helps a manager to compare the performance of the organization with its previous performance or the performance of its competitors. Which of the following is a ratio of creditors' contribution to that of the owners?

- (a) Current ratio
- (b) Debt-equity ratio
- (c) Return on investment (ROI)
- (d) Net profit margin
- (e) Inventory turnover.

88. Which of the following inventory techniques uses cards to monitor inventory movement?

- (a) ABC Analysis
- (b) JIT Approach
- (c) Kanban
- (d) Kaizen
- (e) Economic Order Quantity.

89. A decision support system (DSS) is an interactive computer system used to plan and make decisions. Which of the following is/are true with regard to Decision Support System (DSS)?

- I. Executive decisions are the focal points in DSS.
- II. DSS specializes in easy-to-use software.
- III. DSS employs interactive processing.
- IV. The control and use of DSS rests with the central information management department.

- (a) Only (I) above (b) Both (I) and (II) above
 (c) Both (III) and (IV) above (d) (I), (II) and (III) above
 (e) (II), (III) and (IV) above.

90. Which of the following is/are postulates of the path – goal theory?

- I. The leader clearly defines the path to goal attainment for subordinates.
 II. The leader motivates subordinates to participate in decision-making.
 III. The leader sets clear and specific goals for subordinates.
 IV. The leader suitably rewards employees as per their performance.

- (a) Only (II) above (b) Only (IV) above
 (c) Both (II) and (IV) above (d) (I), (II) and (IV) above
 (e) All (I), (II), (III) and (IV) above.

Answers

81. Answer : (c) Reason : Descriptions of customer satisfaction with products and services are examples of external information in an organization. Hence from above discussion, we can infer that option (c) is correct.

Options (a), (b), (d) and (e) are all examples of internal information in an organization.

82. Answer : (c) Reason : **Incremental model** emphasizes short-run solution of a problem rather than long-term goal accomplishment. **(a) Rational model** is a model of managerial decision-making, which suggests that managers engage in completely rational decision process, ultimately make optimal decisions and process, and understand all information relevant to their decisions at the time they make them. **(b) Satisficing model** describe the way modern managers must, of necessity, make decisions with incomplete information by choosing from among the few most likely alternatives. **(d) Garbage can model** is a non-rational model of management decision-making stating that managers behave in virtually a random pattern in making non-programmed decisions. **(e) Decision tree** is a quantitative decision-making tool based on a graphic model that displays the structure of a sequence of alternative courses of action and usually shows the payoff associated with various paths and the probabilities associated with future conditions.

83. Answer : (b) Reason : Sofia works in one of seven research and development departments at General Automobile Corporation and this suggests that General Automobile has a divisional structure. i.e. to say divisional structure is a type of departmentation in which positions are grouped according to similarity of products, services or markets. **(a) Functional structure** is a type of departmentation in which positions are grouped according to their main functional or specialized area. **(c) Flat structure** is a structure that has few hierarchical levels and wide spans of control. **(d) High degree of centralization** is the tendency to restrict delegation of decision-making in an organization structure, usually by holding authority at or near the top of the organization structure. **(e) Tall structure** is a structure that has many hierarchical levels and narrow spans of control.

84. Answer : (b) Reason : **MIS (Management Information System)** gives the output in the form of summary and exception reports that are useful to the manager.

85. Answer : (c) Reason : When managers have substantial but not complete confidence and trust in subordinates and solicit advice from subordinates while retaining the right to make final decision, **Likert's four** systems of management describes it as consultative leadership style. (a) In Participative leadership style the manager has complete trust and confidence in the subordinates in all the matters. **(b) In Benevolent leadership** style the managers have a patronizing confidence and trust in subordinates, solicit some ideas and opinions from subordinates, motivate with

rewards and some fear and punishment, permit some upward communication and allow some delegation of decision-making but with close policy control. **(d) In exploitative-authoritative leadership style the managers represents doctoral leadership behavior with all decisions made by the manager.** **(e) Trait theory** of leadership style assumes that leaders share certain inborn personality traits.

86. Answer : (e) Reason : Performance appraisals are important in an organization because they provide systematic judgements to support promotions; provide a basis for coaching; provide a basis for counseling; and let subordinates know where they stand with the boss.

87. Answer : (b) Reason : Debt-equity ratio indicates what percentage of the organization's assets creditors furnish. (a) Current ratio is the ratio of current assets to current liabilities. (c) Return on investment **(ROI)** is the ratio of net income to total assets. (d) Net profit margin is the ratio of net income to net sales. (e) Inventory turnover is the ratio of cost of goods sold to inventory.

88. Answer : (c) Reason : **Kanban** is a subsystem of the **JIT approach** involving a simple parts movement system that depends on cards and containers to pull parts from one work center to another. (a) ABC analysis is a technique of inventory management, in which the inventory is distributed based on price & usage of the inventory. **(b) A JIT** is an approach to inventory control that emphasizes having materials arrive just as they are needed in the production process. (d) Kaizen is a Japanese term implying continuous improvement. **(e) EOQ** is an inventory control method developed to minimize ordering plus holding costs, while avoiding stock out costs.

89. Answer : (d) Reason: The following are the characteristics of DSS:

- Executive decisions are the focal points in DSS.
- DSS specializes in easy-to-use software
- DSS employs interactive processing.
- The control and use of DSS rests with the users and not the central information management department

Statement given in (IV) is incorrect; hence option (d) is the correct answer.

90. Answer : (e) Reason : According to **Path-Goal theory**, the leader clearly defines the path to goal attainment for subordinates, when leader motivates subordinates to participate in decision-making and sets clear and specific goals to the organization and a leader should suitably reward employees as per their performance. So, all the statements mentioned are true for path-goal theory.

91. Behaviorally Anchored Rating Scales (BARS) is a sophisticated performance rating method. Which of the following is not true with regard to BARS?

- (a) BARS minimizes subjective interpretation inherent in graphic rating scales
- (b) BARS makes use of 'anchors' (common reference points of performance)
- (c) BARS concentrates on job-specific behaviors and hence is highly meaningful
- (d) BARS is a simple and cost-effective rating method
- (e) BARS can be applied in organizations where a large number of people perform similar jobs.

92. Which of the following is not true with regard to functional authority?

- (a) Functional authority is the authority staff members have over line members within the limits of their functions
- (b) Functional authority has the same effect as line authority but it doesn't have the right that line authority has, to punish violations or deviations in order to ensure compliance

- (c) **Functional authority is limited to those areas where a staff member has some technical competence**
- (d) **The use of functional authority should be restricted to the procedural aspects of a function**
- (e) **Functional authority is in sync with the principle of unity of command.**

93. Creativity is an important factor in managing people. Which of the following is not true with regard to the creative process?

- (a) Creativity is the ability to develop new ideas
- (b) The creative process starts with unconscious scanning
- (c) Intuition connects the unconscious with the conscious
- (d) Insight leads to intuition
- (e) Insight is tested against organizational reality.

94. According to "expectancy theory", the probability of an individual acting in a particular way depends on

- I. The personality of the individual and the likelihood it will change.
- II. The company and its potential to be moving in the right direction.
- III. The situation.
- IV. The strength of that individual's belief that the act will have a particular outcome and on whether the individual values that outcome.

- (a) Only (I) above
- (b) Only (IV) above
- (c) Both (I) and (III) above
- (d) Both (II) and (IV) above
- (e) (I), (III) and (IV) above.

95. Which of the following techniques for improving productivity aims at reducing costs by analyzing and improving individual operations of a product or service?

- (a) Work simplification (b) Time-event network
(c) Value engineering (d) Total Quality Management
(e) Quality Circle.

96. Span of control an important factor, which is to be taken into account when undertaking organizational design. Maintaining a large span of control within an organization is most effective in all except one of the following situations?

- (a) When subordinates prefer autonomy**
- (b) When tasks are routine**
- (c) When jobs are similar but have varying performance measures**
- (d) When subordinates are highly trained**
- (e) When managers are competent.**

97. Functional job analysis is a widely used systematic job analysis approach. Which of the following dimensions of an individual's job does functional job analysis focus on?

- I. Data, people and jobs pertaining to the individual's job.
- II. Interpersonal relationships required to perform the job.
- III. Tools and equipment used by the worker.
- IV. Products and services produced by the worker.

- (a) Only (I) above (b) Only (III) above
 (c) Both (II) and (IV) above (d) (I), (III) and (IV) above
 (e) All (I), (II), (III) and (IV) above.

98. Organizational culture is the collection of shared values, beliefs, rituals, stories, myths and specialized language that foster a feeling of community among organization members. Which of the following is not a characteristic of organization culture?

- (a) It differentiates one organization from another
 (b) It defines the internal environment of an organization
 (c) It ensures consistency in the behavior of organization members
 (d) It remains absolutely stable throughout the life of an organization
 (e) It is perceived by the organization members as well as by outsiders.

99. Management By Objectives (MBO) is a system for achieving organizational objectives, enhancement of employee commitment and participation. Which of the following is not an advantage of MBO?

- (a) Role clarity (b) Clarity in organizational action
 (c) Personnel satisfaction (d) Basis for organizational change
 (e) Flexibility.

100. Which of the following are the characteristics of the planning process usually adopted in Japanese Management style?

- I. Long-term orientation.
- II. Individual decision-making.
- III. Decisions flowing from bottom to top and back.
- IV. Slow decision-making.

- (a) Both (I) and (II) above (b) Both (I) and (III) above
 (c) Both (II) and (IV) above (d) (I), (III) and (IV) above
 (e) (II), (III) and (IV) above.

Answers

91. Answer : (d) Reason : **BARS** minimizes subjective interpretation inherent in graphic rating scales. They make use of 'anchors' (**common reference points of performance**) and they concentrate on job-specific behaviors and hence are highly meaningful. However, **BARS** are time-consuming and costly to develop, as they should cover each dimension of all jobs in the department. As a result, BARS tend to be used in situations in which relatively large numbers of individuals perform similar jobs.

92. Answer : (e) Reason : The authority to control other departments, related to specific tasks, is known as functional authority. It is defined as the formal authority staff members have over line members within the limits of their functions. It has the same effect as line authority but it does not have the right that line authority has, to punish violations or deviations in order to ensure compliance. Functional authority is limited to those areas where a staff person has some technical competence. The use of functional authority should be restricted to the procedural aspects of a function. But functional authority violates the principle of unity of command since authority over specific functional activities is exercised not only by line managers but also by staff managers.

93. Answer : (d) Reason : Creativity is the ability to develop new ideas. The creative process comprises four phases: unconscious scanning, intuition, insight, and logical formulation. Intuition connects the unconscious with the conscious, and leads to insight. In the final phase of the creative process, insight is tested against organizational reality.

94. Answer : (b) Reason : According to "**expectancy theory**", the probability of an individual acting in a particular way depends on the strength of that individual's belief that the act will have a particular outcome and on whether the individual values that outcome. Hence option (b) is the correct answer.

95. Answer : (c) Reason : Value engineering involves analyzing the operations of the products or service, estimating the value of each operation, and modifying that operation so that the cost is lowered.

- a) Work simplification involves teaching workers the concepts of time and motion studies, layout of work situations, and workflow analysis in order to improve work methods.
- b) Time-event network is a logical extension of the Gantt chart and uses Critical Path Method to help in planning and controlling operations.
- c) Total Quality Management (TQM) calls for active participation of all the members at all levels of the organization in order to ensure its (the organization's) long-term commitment to improvement of quality.
- d) A quality circle is a group of people who belong to an organizational area and who meet regularly to solve the problems they face at work.

96. Answer : (c) Reason : Maintaining a large **span of control** within an organization is most effective in all situations except when jobs are similar but have varying performance measures.

97. Answer : (d) Reason : Functional Job Analysis focuses on the following dimensions of an individual job:

- I. Data, people and jobs pertaining to the individual's job.
- II. Tools and equipment used by the worker.
- III. Products and services produced by the worker.

Hence, from above discussion, we can infer that option (d) is correct.

98. Answer : (d) Reason : **Organization culture** is the collection of shared values, beliefs, rituals, stories, myths, and specialized language that foster a feeling of community among organization members. **Organizational culture** is distinctive and it differentiates one organization from another. It is based on certain norms, which define the internal environment of an organization. When the members of an organization interact with each other, they use a common language, and follow the same norms and hence organizational culture ensures consistency in their behavior. It is perceived by the members of the organization as well as by outsiders. Though organizational culture is fairly stable, it keeps evolving from time to time.

99. Answer : (e) Reason : **MBO** helps in better managing the organizational resources and activities through clarity of objectives, role clarity, periodic feedback on performance, and participation by managers. It provides the **key result areas (KRAs)** where organizational efforts are needed, which leads to clarity in organizational action. Since MBO allows participation of employees in objective setting and a rational performance appraisal, it provides the greatest opportunity for personnel satisfaction. Also, MBO stimulates organizational change and provides a framework and guidelines for planned change, enabling the top management to initiate, plan,

direct, and control the direction and speed of change. However, MBO has some limitations also, which include inflexibility in the organization, particularly when the objectives need to be changed.

100. Answer : (d) Reason : The characteristics of the planning process usually adopted in Japanese Management style are: (1) Long-term orientation, (2) Collective decision-making, (3) Decisions flowing bottom to top and back, (4) Slow decision-making. Hence, (d) is the correct answer.

101. Which of the following refers to the flow of information among persons at different levels, who have no direct reporting relationships?

- (a) Horizontal communication (b) Diagonal communication
- (c) Upward communication (d) Downward communication
- (e) Forward communication.

102. Every organization structure, even a poor one, can be charted. Which of the following is false with respect to Organization Chart?

- (a) It is a vital tool for providing information about organizational relationships
- (b) It provides a visual map of the chain of command
- (c) Charting an organization structure can show up the complexities and inconsistencies, which can be corrected
- (d) It shows authority relationships as well as informal and informational relationships
- (e) It helps managers and new personnel to know how and where they fit into the organization structure.

103. As Arvind Misra is reviewing the progress of his organization in meeting its organizational goals, he is struck by the fact that his organization has an organizational structure that might be causing problems. The current structure diffuses accountability, makes it difficult to respond to changing conditions quickly, and results in situations where someone might have two bosses. Which of the following organization forms best fits these disadvantages being experienced by Mr. Misra?

- (a) Geographical structure (b) Matrix structure (c) Divisional structure
- (d) Customer structure (e) Functional structure.

104. The garbage-can model is effective in which of the following situation/s?

- I. When managers have no specific goal preferences.
- II. When the means of achieving goals are unclear.
- III. When there are frequent changes in the participants involved in decision-making.
- IV. When the degree to which decision-makers can determine optimal decisions is limited by the individuals' capacity and intelligence.

- (a) Only (IV) above (b) Both (I) and (II) above
- (c) Both (III) and (IV) above (d) (I), (II) and (III) above
- (e) All (I), (II), (III) and (IV) above.

105. Which of the following is true about the conclusions drawn from the trait approach to leadership?

- (a) The trait approach identifies traits that consistently separate leaders from non leaders

- (b) There are certain traits that guarantee that a leader will be successful
- (c) The trait approach is based on early research that assumes that a good leader is born, not made
- (d) Leadership is a simple issue of describing the traits of successful leaders
- (e) The trait approach is based on early research that assumes that a good leader is made, not born.

106. Which of the following information systems has low-volume data and analytical models as data inputs?

- (a) Management Information System (b) Decision Support System
- (c) Executive Support System (d) Transaction Processing System
- (e) Office Automation System.

107. An objective is the object or aim of an action. Management by Objectives (MBO) is a management process that is popular in many organizations. It is the joint setting of goals and objectives by superiors and subordinates. A major difference between traditional objective setting and MBO is

- (a) In MBO, there are multiple objectives covering a range of organisational activities
- (b) In traditional objective setting the objectives, once formulated, provide direction for management decisions
- (c) In traditional objective setting the objectives, once established, form the criteria against which actual accomplishments can be measured
- (d) In MBO, organisation members may actually pursue objectives other than the formal organisational objectives
- (e) Traditional objective setting is 'top down' only, while MBO is both a 'top down' and 'bottom up' process.

108. In the Japanese management style, the controlling function is characteristic of

- I. Focus on individual performance.
- II. Control by peers.
- III. Extensive use of quality control circles.
- IV. Fixing blame.
- (a) Both (I) and (II) above (b) Both (I) and (III) above
- (c) Both (I) and (IV) above (d) Both (II) and (III) above
- (e) Both (II) and (IV) above.

109. The strengths and weaknesses of each alternative become obvious in which step of the decision making-process?

- (a) Identifying the problem (b) Identifying the decision criteria
- (c) Analyzing the alternatives (d) Implementing the alternative
- (e) Obtaining the needed resources.

110. The recruitment procedure is initiated when a vacancy occurs and is reported to the HR department. Which of the following is usually the first step followed in the recruitment procedure?

- (a) Designing job description
- (b) Developing a job specification
- (c) Performing job analysis
- (d) Attracting a pool of applicants
- (e) Selecting best recruits.

Answers

101. Answer : (b)

Reason: **Diagonal communication** refers to the flow of information among persons at different levels, who have no direct reporting relationships.

102. Answer : (d)

Reason: **Organization Chart** is a vital tool for providing information about organizational relationships. It shows authority relationships and neglects significant informal and informational relationships. Hence, option (d) is false with respect to Organization Chart. Options (a), (b), (c) and (e) are all true with respect to Organization Chart.

103. Answer : (b)

Reason: The matrix structure best fits the disadvantages being experienced by Mr. Misra.

104. Answer : (d)

Reason: The **garbage-can model** is effective in the following situations

- I. When managers have no specific goal preferences
- II. When the means of achieving goals are unclear
- III. When there are frequent changes in the participants involved in decision-making

Statement (IV) is a condition under which a satisfying decision is made

Hence, option (d) is the answer.

105. Answer : (c)

Reason: The **trait approach** is based on early research that assumes that a good leader is born, not made.

106. Answer : (b)

Reason: **Decision Support System (DSS)** is an information system that helps the managers in decision-making. It uses low-volume data and analytical models as data inputs. Hence, option (b) is correct.

107. Answer : (e)

Reason: **MBO** is the joint setting of goals and objectives by superiors and subordinates and clarifying on the objective itself. Traditional objective setting is 'top down' only, while MBO is both a 'top down' and 'bottom up' process. Hence, option (e) is correct.

108. Answer : (d)

Reason: In the **Japanese management style**, the controlling function is characteristic of

- I. Focus on group performance
- II. Control by peers

- III. (iii) Extensive use of quality control circles
- IV. (iv) Saving face

Hence option (d) is the answer.

109. Answer : (c)

Reason: The strengths and weaknesses of each alternative become obvious in “analyzing the alternatives” stage of the decision-making process.

110. Answer : (c) Reason: The Recruitment Procedure consists of the following steps:

- I. Performing Job Analysis.
- II. Designing Job Description.
- III. Developing a Job Specification.
- IV. Attracting a Pool of Applicants.
- V. Selecting Best Recruits.

Hence, from above discussion, we can infer that option (c) is correct

111. Managers making ethical decisions may belong to any of the three levels of moral development. Which of the following stages describes the conventional level of moral development?

- (a) Following rules only when it is in one's immediate interest
- (b) Valuing rights of others and upholding absolute values and rights, regardless of the majority's opinion
- (c) Sticking to rules to avoid physical punishment
- (d) Living up to what is expected by people who are close to oneself
- (e) Following self-chosen ethical principles even if they violate the law.

112. Direct control is the control that is exercised after the deviations from plans have occurred. Which of the following is not an underlying assumption of direct control?

- (a) Performance can be measured
- (b) Personal responsibility is absent
- (c) The time expenditure is warranted
- (d) Mistakes can be discovered in time
- (e) The individual who is responsible will take corrective steps.

113. Which function of management involves filling, and keeping filled, the positions in the organization structure?

- (a) Organizing
- (b) Planning
- (c) Staffing
- (d) Controlling
- (e) Leading.

114. Which of the following is not true about 'power'?

- (a) Power requires no formal position
- (b) Power works both ways – downward and upward
- (c) Power is derived from many sources

- (d) Formal authority is a type of power
- (e) Power is a narrow term compared to authority.

115. In an organization, a superior has the right to get tasks accomplished by his subordinates, but the responsibility remains with the superior. This principle which intends to eliminate the practice of “passing the buck”, is known as

- (a) Authority on par with responsibility
- (b) Hierarchy of authority
- (c) Unity of direction
- (d) Downward delegation of authority
- (e) Unity of command.

116. Robert Owen was one of the prominent contributors to pre classical management thought. Which of the following did Robert Owen advocate/propose?

- (a) Division of labor
- (b) Legislative reforms to improve working conditions of labor
- (c) Profit-sharing plan
- (d) Study of management
- (e) Emphasis on the importance of business skills for running a business.

117. Informal communication is also referred to as

- (a) Grapevine
- (b) Buzz
- (c) Pipeline
- (d) Noise
- (e) Uproar.

118. An intervention, in Organization Development (OD) terms, is a systematic attempt to correct an organizational deficiency uncovered through diagnosis. Which of the following intervention techniques is concerned with the interpersonal relations and dynamics operating in work groups?

- (a) Techno-structural activity
- (b) Team building
- (c) Skill development
- (d) Process consultation
- (e) Survey feedback.

119. Why do such companies as Ford, Federal Express, Boeing, or Proctor & Gamble put together cross-functional teams?

- (a) Because each member has unique knowledge that adds value to the overall decision
- (b) Because it is cheaper than hiring consultants
- (c) Because decisions can be reached at almost twice the speed of other decision format styles
- (d) Because it diffuses risk (blame) of a wrong decision choice
- (e) Because of inadequate availability of manpower.

120. Which of the following is an advantage of the functional structure?

- (a) It follows principle of occupational specialization
- (b) It permits growth and diversity of products and services

- (c) There is better face-to-face communication with local interests
- (d) There is improved environmental monitoring
- (e) It improves coordination in a region.

Answers

111. Answer : (d)

Reason: Living up to what is expected by people who are close to oneself describes the conventional level of moral development. Options (a) and (c) describe the pre-conventional stage. Options (b) and (e) describe the principled stage.

112. Answer : (b)

Reason: The underlying assumptions of direct control are:

- I. Performance can be measured.
- II. Personal responsibility exists.
- III. The time expenditure is warranted.
- IV. Mistakes can be discovered in time.
- V. The individual who is responsible will take corrective steps.

Hence, option (b) is not the underlying assumption of direct control.

Options (a), (c), (d) and (e) are all underlying assumptions of direct control.

113. Answer : (c)

Reason: The staffing function of management involves filling, and keeping filled, the positions in the organization structure.

114. Answer : (e)

Reason: Power is a much broader concept than authority. Therefore, option (e) is not true about power and is the answer.

115. Answer : (d)

Reason: The principle which intends to eliminate the practice of "passing the buck", is known as downward delegation of authority. In downward delegation, a superior has the right to get tasks accomplished by his subordinates, but the responsibility remains with the superior.

116. Answer : (b)

Reason: Robert Owen proposed legislative reforms to improve working conditions of labor.

117. Answer : (a)

Reason: Informal communication is also referred to as grapevine.

118. Answer : (d)

Reason: Process Consultation intervention technique is concerned with the interpersonal relations and dynamics operating in work groups. Hence, option (d) is correct.

119. Answer : (a)

Reason: Companies such as Ford, Federal Express, Boeing, or Procter & Gamble put together cross-functional teams because each member has unique knowledge that adds value to the overall decision. A cross-functional team, in business, consists of a group of people working toward a

common goal and made of people with different functional expertise, which makes their knowledge unique.

120. Answer : (a)

Reason: Following the principle of occupational specialization is an advantage of the functional structure. **(b) Permitting growth** and diversity of products and services is an advantage of divisional structure. **(c) Better face-to-face communication** with local interests and (e) improved coordination in a region are advantages of a divisional structure. (d) Improved environmental monitoring is an advantage of the matrix structure.

121. Which of the following steps in the planning process involves the organization asking the question "in which environment – internal or external – will our plans operate"?

- (a) Formulating supporting plans (b) Comparing alternatives in the light of goals
- (c) Considering planning premises (d) Identifying alternatives
- (e) Setting objectives or goals.

122. Sakshi Pathak is considering the following questions as she approaches a planning period: (a) What industries should we get into or out of? (b) In which businesses should the corporation invest money? Which of the following levels would be appropriate to address the questions facing Ms. Pathak?

- (a) Corporate level (b) Business level
- (c) Operational level (d) Functional level
- (e) Departmental level.

123. Which of the following managers deal with the actual operations of an organization's units?

- (a) First level (b) Top level
- (c) Middle level (d) Administrative
- (e) Customer support.

124. Which of the following is/are objectives of sensitivity training?

- I. It helps individuals gain insights into their behavior and helps them analyze the way they appear to others.
- II. It helps individuals develop the skills necessary for diagnosing and understanding of group processes.
- III. It exposes managers to theories, principles and new developments in management.
- (a) Only (I) above (b) Only (III) above
- (c) Both (I) and (II) above (d) Both (II) and (III) above
- (e) All (I), (II) and (III) above.

125. Douglas McGregor identified two opposing perspectives (Theory X and Theory Y) that he believed typified managerial views of employees and suggested that management must start with the basic question of how managers see themselves in relation to others. Which of the following is not correct about his theory?

- (a) Theory X managers view people as having an inherent dislike of work
- (b) Theory X managers assume that people are self motivated and do not want to be directed
- (c) Theory Y managers assume that the average person will accept, even seek, responsibility
- (d) Theory Y managers view people as responsible and conscientious
- (e) Theory Y managers assume that people are internally motivated to accomplish the goals and objectives.

126. Inventory is vital to organizations, as it represents considerable costs. Various methods have been developed to control inventory related costs. Which inventory control method minimizes ordering and holding costs, while avoiding stock-out costs?

- (a) Mathematical model
- (b) Linear programming
- (c) Economic order quantity
- (d) JIT inventory system
- (e) Kanban.

127. Which of the following ratios tests the relationship between the sales and the various assets of a firm?

- (a) Activity ratio
- (b) Current ratio
- (c) Inventory turnover ratio
- (d) Return on investment ratio
- (e) Debt ratio

128. Which model/theory of leadership does Kavita Ramakrishnan use, when she determines the effectiveness of decisions as measured by group performance/participation; quality and acceptance?

- (a) House's Path-Goal Theory
- (b) Fiedler's Contingency approach
- (c) Blake and Mouton's Managerial Grid
- (d) Hersey and Blanchard's Situational Leadership Model
- (e) Vroom and Yetton's Normative Decision Model.

129. The bargaining power of buyers, as described by Porter, is high when

- (a) There are only a few players in the industry
- (b) Their purchases form a large chunk of the sellers' total sales
- (c) There are no substitutes for products being purchased
- (d) Products or services are critical to the buyer's business
- (e) There are great differences in products, in terms of features, manufactured by various suppliers.

130. Performance appraisals are important in an organization because they

- I. Provide systematic judgements to support promotions.
- II. Provide a basis for coaching.
- III. Provide a basis for counseling.
- IV. Let subordinates know where they stand with the boss.

- (a) Only (I) above
- (b) Only (II) above
- (c) Both (I) and (IV) above
- (d) (I), (III) and (IV) above
- (e) All (I), (II), (III) and (IV) above.

Answers

121. Answer : (c)

Reason: The question “in which environment – internal or external – will our plans operate” is asked in the stage/step when an organization is considering planning premises.

122. Answer : (a)

Reason: The purpose of the corporate level strategy is to identify the business areas in which an organization will carry out its operations. Therefore, the corporate level strategy would be appropriate to address the questions facing Ms. Pathak

123. Answer : (c)

Reason: Middle level managers deal with the actual operation of the organization's units.

124. Answer : (c)

Reason: Statements (I) and (II) are objectives of sensitivity training. Sensitivity training involves training in small groups in which people develop a sensitive awareness and understanding of themselves and of their relationships with others. Statement (III) is an objective of university management programs.

125. Answer : (b)

Reason: As per McGregor, Theory X managers assume that people prefer to be directed, wish to avoid responsibility, have little ambition, and above all, want security. Hence, option (b) is not correct about his theory. Options (a), (c), (d) and (e) are all correct about his theory.

126. Answer : (c)

Reason: The Economic Order Quantity (EOQ) is an inventory control method developed to minimize ordering and holding costs, while avoiding stockout costs.

127. Answer : (a)

Reason: Activity ratio tests the relationship between the sales and the various assets of a firm.

128. Answer : (e)

Reason: Kavita Ramakrishnan is using Vroom and Yetton's Normative Decision Model. In this model, the degree of participation of employees in the decision making process is important. Also the acceptance of the decision by subordinates is important.

129. Answer : (b)

Reason: The bargaining power of buyers is high when their purchases form a large chunk of the sellers' total sales. The remaining options are factors that make buying power of suppliers high. Hence, option (b) is the answer.

130. Answer : (e)

Reason: Performance appraisals are important in an organization because they provide systematic judgements to support promotions; provide a basis for coaching; provide a basis for counseling; and let subordinates know where they stand with the boss.

131. Managers at all three levels of management require different kinds of skills to perform the functions associated with their jobs. A major difference in skill requirements between middle level and top-level managers is that

- (a) Top managers must generally be more skilled than middle managers in every respect
- (b) Top managers require better interpersonal skills but less conceptual skills than middle managers
- (c) Top managers generally require better technical and interpersonal skills than middle managers
- (d) Top managers generally require higher level conceptual skills but less technical skills than middle managers
- (e) Middle managers require better technical and conceptual skills than top managers.

132. The behavioral approach of management thoughts can be classified into

- | | |
|------------------------------------|--------------------------------|
| I. Bureaucratic management. | II. Group influences. |
| III. Hawthorne studies. | IV. Contingency theory. |
- (a) Both (I) and (II) above
 - (b) Both (I) and (III) above
 - (c) Both (II) and (III) above
 - (d) (I), (II) and (III) above
 - (e) (II), (III) and (IV) above.

133. By studying the various approaches to management analysis, we can understand the concept of management and have a better understanding of managerial functions. Which approach to management emphasizes managing people by understanding their individual psychological needs?

- (a) Empirical approach
- (b) Decision theory approach
- (c) Management science approach
- (d) Interpersonal behavior approach
- (e) Contingency approach.

134. Immoral management not only ignores ethical concerns, but also actively opposes ethical behavior. Organizations with immoral management is/are characterized by

- I. Total concern for company profits only.

- II. Laws are regarded as hurdles to be removed.
- III. Less inclination to minimize expenditure.
- (a) Only (I) above (b) Only (II) above
- (c) Both (I) and (II) above (d) Both (I) and (III) above
- (e) All (I), (II) and (III) above.

135. The communication process is made up of various components. Which of the following is the actual physical product from the source?

- (a) Feedback (b) Filter
- (c) Message (d) Channel
- (e) Understanding.

136. Practicing ethical guidelines enables managers to become followers of moral management approach. They facilitate ethical business decisions. Which of the following is not an ethical guideline for managers?

- (a) Upholding human dignity
- (b) Obeying the law
- (c) Non-allowance for participation of stakeholders in the decision-making process
- (d) Primum Non-Nocere
- (e) Telling the truth.

137. Despite the many advantages of planning, there may be some obstacles and limitations in this process, since nothing is perfect on this earth, as a general rule of law. Which of the following would not be considered a potential advantage of planning?

- (a) It helps managers to be future oriented
- (b) It enhances decision coordination
- (c) It increases the amount of time available for other managerial functions
- (d) It emphasizes organizational objectives
- (e) It helps in offsetting uncertainty and risk.

138. Which of the following would not be an accurate depiction of the differences between strategic and tactical planning?

- (a) Strategic planning is developed mainly by upper-level management and tactical planning is generally developed by lower-level management
- (b) Facts for strategic planning are generally easier to gather than facts for tactical planning
- (c) Strategic plans generally contain less details than tactical plans
- (d) Strategic plans generally cover a longer period of time than tactical plans

(e) Managers who are engaged in the development of strategic plans tend to work in more uncertainty than those managers engaged in the development of tactical plans.

139. Using the BCG matrix requires considering which of the following factors?

- (a) Types of risk associated with product development
- (b) Threats that economic conditions can create in future
- (c) Social factors
- (d) Market shares and growth of markets in which products are selling
- (e) Political pressures.

140. Proctor & Gamble (P&G) makes fourteen different laundry soap products and completely dominates the laundry detergent market. Through constant changes in packaging, it is trying to influence the perception of customers that its products are unique. Which of the following generic strategies is P&G using?

- (a) Cost leadership
- (b) Differentiation
- (c) Focus
- (d) Globalization
- (e) Niche strategy.

Answers

131. Answer : (d)

Reason : The major difference in skill requirements between middle and top managers is that top managers generally require higher level conceptual skills but less technical skills than middle managers. Hence, from above discussion, we can infer that option (d) is correct.

132. Answer : (c)

Reason : The behavioral approach of management thoughts can be classified into

- Group influences
- Hawthorne studies.

133. Answer : (d)

Reason : Interpersonal Behavior Approach to management emphasizes managing people by understanding their individual psychological needs. Hence, from above discussion, we can infer that option (d) is correct.

134. Answer : (c)

Reason : Immoral management not only ignores ethical concerns, but also actively opposes ethical behavior. Organizations with immoral management are characterized by:

- Total concern for company profits only.
- Laws are regarded as hurdles to be removed.
- Strong inclination to minimize expenditures.

Hence, option (c) is the correct answer.

135. Answer : (c)

Reason : The communication process is made up of various components. The message is the actual physical product from the source encoding. Hence, from above discussion, we can infer that option (c) is correct.

136. Answer : (c)

Reason : Non-allowance for participation of stakeholders in the decision-making process is not an ethical guideline for managers. Hence from above discussion, we can infer that option (c) is correct. Options (a), (b), (d) and (e) are all ethical guidelines for managers.

137. Answer : (c)

Reason : Planning can be defined as the process by which managers set missions and objectives, assess the future, and develop courses of action to accomplish these objectives. However, it need not increase the amount of time available for other managerial functions. Hence, from above discussion, we can infer that option (c) is correct. Options (a), (b), (d) and (e) are all potential advantages of planning.

138. Answer : (b)

Reason : Strategic plan is used to establish overall objectives for the organization and position the organization in terms of its environment. Facts for strategic planning are generally more difficult to gather than facts for tactical planning. Hence, from above discussion, we can infer that option (b) is correct.

139. Answer : (d)

Reason : Using the BCG matrix requires considering market shares and growth of markets in which products are selling.

140. Answer : (b)

Reason : In the given example P&G uses the differentiation strategy.

141. The bargaining power of buyers, as described by Porter, is high when

- (a) There are only a few players in the industry
- (b) Their purchases form a large chunk of the sellers' total sales
- (c) There are no substitutes for products being purchased
- (d) Products or services are critical to the buyer's business
- (e) There are great differences in products, in terms of features, manufactured by various suppliers.

142. The conflict-resolution approach that corresponds with a high level of assertiveness and a low level of cooperativeness, is referred to as

- (a) Compromising
- (b) Collaborating
- (c) Forcing
- (d) Avoiding
- (e) Accommodating.

143. Which approach to decision-making under conditions of uncertainty believes that individual attitudes toward risk vary with events, with people and positions?

- (a) Risk analysis
- (b) Risk communication
- (c) Decision trees
- (d) Utility theory
- (e) Game theory.

144. Which of the following are characteristics of a closed system?

- I. It is perfectly deterministic and predictable.
- II. There is no exchange between the system and the external environment.
- III. It is a realistic view.
- IV. It is flexible and adaptable.

- (a) Both (I) and (II) above
- (b) Both (I) and (IV) above
- (c) Both (II) and (III) above
- (d) Both (III) and (IV) above
- (e) (I), (II) and (III) above.

145. Information that originates outside the organization is known as external information. Which of the following is an example of external information in an organization?

- (a) Daily receipts and expenditures
- (b) Salesperson quotas
- (c) Descriptions of customer satisfaction with products and services
- (d) Quantity of an item in hand or in inventory
- (e) Cost and selling price of the company's item.

146. The major disadvantage of the divisional structure is:

- (a) Diseconomies of scale
- (b) Requires people with general managerial capabilities
- (c) Managerial vacuum
- (d) Duplication of activities and resources
- (e) It is slow in responding to changes.

147. Power based upon identification with a person who has desirable resources or personal traits is known as:

- (a) Coercive power
- (b) Legitimate power
- (c) Expert power
- (d) Referent power
- (e) Reward power.

148. Which of the following decision-making models emphasizes short-run solution of a problem rather than long-term goal accomplishment?

- (a) Rational model
- (b) Satisficing model

(c) Incremental model

(d) Garbage-can model

(e) Decision tree.

149. Which of the following is usually the first step followed in the recruitment procedure?

(a) Designing job description

(b) Developing a job specification

(c) Performing job analysis

(d) Attracting a pool of applicants

(e) Selecting best recruits.

150. Which of the following is not a part of the human resource management function in most organizations?

(a) Sanctioning

(b) Performance appraisal

(c) Training

(d) Human resource planning

(e) Compensation.

Answers:

141. Answer : (b)

Reason : The bargaining power of buyers, as described by Porter, is high when their purchases form a large chunk of the sellers' total sales.

142. Answer : (c)

Reason : The conflict-resolution approach that corresponds with a high level of assertiveness and a low level of cooperativeness, is referred to as Forcing. Hence, from above discussion, we can infer that option (c) is correct.

143. Answer : (d)

Reason : The preference or utility theory is based on the belief that individual attitudes toward risk vary with events, with people and positions.

144. Answer : (a)

Reason : The following statements are characteristics of a closed system :

- It is perfectly deterministic and predictable.
- There is no exchange between the system and the external environment.

145. Answer : (c)

Reason : Descriptions of customer satisfaction with products and services are examples of external information in an organization. Hence from above discussion, we can infer that option (c) is correct. Options (a), (b), (d) and (e) are all examples of internal information in an organization.

146. Answer : (d)

Reason : Duplication of activities and resources is a major disadvantage of the divisional structure.

147. Answer : (d)

Reason : Power based upon identification with a person who has desirable resources or personal traits is known as referent power.

148. Answer : (c)

Reason : Incremental model emphasizes short-run solution of a problem rather than long-term goal accomplishment. **(a) Rational model** is a model of managerial decision-making, which suggests that managers engage in completely rational decision process, ultimately make optimal decisions and process, and understand all information relevant to their decisions at the time they make them. **(b) Satisficing model** describe the way modern managers must, of necessity, make decisions with incomplete information by choosing from among the few most likely alternatives. **(d) Garbage can model** is a non-rational model of management decision-making stating that managers behave in virtually a random pattern in making non-programmed decisions. **(e) Decision tree** is a quantitative decision-making tool based on a graphic model that displays the structure of a sequence of alternative courses of action and usually shows the payoff associated with various paths and the probabilities associated with future conditions.

149. Answer : (c)

Reason : The Recruitment Procedure consists of the following steps :

- Performing Job Analysis.
- Designing Job Description.
- Developing a Job Specification.
- Attracting a Pool of Applicants.
- Selecting Best Recruits.

Hence, from above discussion, we can infer that option (c) is correct.

150. Answer : (a)

Reason : Sanctioning means giving formal permission or approval. It not a part of the human resource management function in most organizations. Hence, from above discussion, we can infer that option (a) is correct. Options (b), (c), (d) and (e) are all parts of the human resource management function in most organizations.

151. Which of the following is the first step in formulating a career strategy?

- (a) Development of strategic career alternatives
- (b) Analysis of personal strengths and weaknesses
- (c) Consistency testing and strategic choices
- (d) Implementation of the career plan
- (e) Monitoring progress.

152. Forces/traits within the manager that determine effective leadership behavior include his/her

- | | |
|-------------------------------|---------------------------------|
| I. Values. | II. Confidence in subordinates. |
| III. Hunger for power. | IV. Aggressiveness. |
| (a) Both (I) and (II) above | (b) Both (I) and (IV) above |
| (c) Both (III) and (IV) above | (d) (I), (II) and (IV) above |

(e) All (I), (II), (III) and (IV) above.

153. Which of the following is an on-the-job training technique?

- (a) Organizational socialization
- (b) Creation of “assistant-to” positions
- (c) Performance appraisal
- (d) Job enlargement
- (e) Job analysis.

154. According to Maslow, a person who is looking for affection, belongingness, acceptance, and friendship is at which need level?

- (a) Physiological
- (b) Safety
- (c) Social
- (d) Esteem
- (e) Self-actualization.

155. Creativity is an important factor in managing people. Which of the following is not true with regard to the creativity process?

- (a) Creativity is the ability to develop new ideas
- (b) The creativity process starts with unconscious scanning
- (c) Intuition connects the unconscious with the conscious
- (d) Insight leads to intuition
- (e) Insight is tested against organizational reality.

156. Which of the following is not one of the leadership styles suggested by path-goal theory?

- (a) Instrumental leadership
- (b) Benevolent-authoritative leadership
- (c) Supportive leadership
- (d) Participative leadership
- (e) Achievement-oriented leadership.

157. Which of the following is not an effective listening technique?

- (a) Avoiding premature evaluation
- (b) Avoiding eye contact
- (c) Exhibiting affirmative nods and appropriate facial gestures
- (d) Finding an area of interest in what the other person is saying
- (e) Judging the content of the message, but not the weakness of the speaker.

158. According to “Expectancy Theory”, the probability of an individual acting in a particular way depends on

- I. The personality of the individual and the likelihood that it will change.
- II. The company and its potential to move in the right direction.
- III. The situation.

IV. The strength of that individual's belief that the act will have a particular outcome and on whether the individual values that outcome.

- (a) Only (I) above (b) Only (IV) above
(c) Both (I) and (III) above (d) Both (II) and (IV) above
(e) (I), (III) and (IV) above.

159. Which of the following are reasons why productivity of knowledge workers is more difficult to measure than productivity of industrial workers?

- I. The quality of a knowledge worker's output cannot be determined immediately.
II. The output of a knowledge worker often contributes only indirectly to the achievement of the end-result.
III. Upgraded skills of knowledge workers due to rapid technological advances make output measurement difficult.
IV. Knowledge workers often assist other organizational units and this contribution is difficult to measure.
(a) Both (I) and (II) above (b) Both (III) and (IV) above
(c) (I), (II) and (IV) above (d) (II), (III) and (IV) above
(e) All (I), (II), (III) and (IV) above.

160. Which of the following are the characteristics of the planning process usually adopted in Japanese Management style?

- I. Long-term orientation.
II. Individual decision-making.
III. Decisions flowing from bottom to top and back.
IV. Slow decision-making.
(a) Both (I) and (II) above (b) Both (I) and (III) above
(c) Both (II) and IV) above (d) (I), (III) and (IV) above
(e) (II), (III) and (IV) above.

ANSWERS

151. Answer : (b)

Reason : The steps in formulating a career strategy are as follows :

- ❖ Preparation of a personal profile.
- ❖ Development of long-range personal and professional goals.
- ❖ Analysis of the environment.
- ❖ Analysis of Personal Strengths and Weaknesses.
- ❖ Development of Strategic Career Alternatives.
- ❖ Consistency Testing and Strategic Choices.

- ❖ Development of short-range career objectives and action plans.
- ❖ Development of contingency plans.
- ❖ Implementation of the Career Plan.
- ❖ Monitoring Progress.

Hence, from above discussion, we can infer that option (b) is correct.

152. Answer : (d)

Reason: Forces/traits within the manager that determine effective leadership behavior include his/her

- Values.
- Confidence in subordinates.
- Aggressiveness.

153. Answer : (c)

Reason : Creation of “assistant-to” positions is an on-the-job training technique.

154. Answer : (c)

Reason : According to Maslow, a person who is looking for affection, belongingness, acceptance, and friendship is said to be having a social need.

155. Answer : (d)

Reason : Creativity is the ability to develop new ideas. The creative process comprises four phases: unconscious scanning, intuition, insight, and logical formulation. Intuition connects the unconscious with the conscious, and leads to insight. In the final phase of the creative process, insight is tested against organizational reality.

156. Answer : (b)

Reason : Path-goal theory suggests four types of leadership : Instrumental, supportive, participative, and achievement-oriented leadership.

157. Answer : (b)

Reason : Avoiding eye contact is not an effective listening technique. Effective listening requires eye contact. Hence, from above discussion, we can infer that option (b) is not an effective listening technique. Options (a), (c), (d) and (e) are all effective listening techniques.

158. Answer : (b)

Reason : According to "**expectancy theory**", the probability of an individual acting in a particular way depends on the strength of that individual's belief that the act will have a particular outcome and on whether the individual values that outcome. Hence option (b) is the correct answer.

159. Answer : (c)

Reason : The following are reasons why productivity of knowledge workers is more difficult to measure than productivity of industrial workers :

- The quality of a knowledge worker's output cannot be determined immediately.
- The output of a knowledge worker often contributes only indirectly to the achievement of the end result.

- Knowledge workers often assist other organizational units and this contribution is difficult to measure.

160. Answer : (d)

Reason : The characteristics of the planning process usually adopted in Japanese Management style are : (1) Long-term orientation, (2) Collective decision-making, (3) Decisions flowing bottom to top and back, (4) Slow decision-making. Hence, (d) is the correct answer.

161. Which of the following skills is most important for first level managers and includes knowledge of and proficiency in activities involving methods, processes and procedures?

- (a) Human (b) Conceptual (c) Design
(d) Technical (e) Administrative.

162. The Gantt Chart (invented by Henry L. Gantt), still used today in the production planning area of many organizations was the first simple visual device to maintain production control. It is essentially a bar graph with

- (a) Time on the horizontal axis; the activities to be scheduled on the vertical axis
(b) Time on the vertical axis; project completion on the horizontal axis
(c) Time on the horizontal axis; project completion on the vertical axis
(d) Time on the vertical axis; the activities to be scheduled on the horizontal axis
(e) Time on either axis; the activities to be scheduled on the other axis.

163. Controls can be classified based on timing or stage in the production process. Which of the following statements is not true about the various types of controls?

- (a) Steering controls are used following completion of activity
(b) Preventive controls are used prior to the start of activity and feedback controls follow completion of activity
(c) Concurrent controls are used during the performance of activity and feed forward controls prior to start of activity
(d) Quality control tests of output are an example of concurrent control
(e) Comparison of employee input per hour with established standards is an example of steering control.

164. Which of the following arguments against a firm being socially responsible indicates the belief that businesses are being socially responsible when they attend only to economic interests?

- (a) Too much power (b) Violation of profit maximization
(c) Excessive costs (d) Lack of social skills
(e) Lack of accountability.

165. Practicing ethical guidelines enables managers to become followers of moral management approach. They facilitate ethical business decisions. Which of the following is not an ethical guideline for managers?

- (a) Upholding human dignity (b) Obeying the law
- (c) Non-allowance for participation of stakeholders in the decision-making process
- (d) Primum Non-Nocere (e) Telling the truth.

166. The most general form of standing plans that specifies the broad parameters within which organization members are expected to operate in pursuit of organizational goals are called

- (a) Procedures (b) Programmes
- (c) Single-use plans (d) Policies
- (e) Rules.

167. Programmes and budgets are examples of

- (a) Single-use plans (b) Standing rules
- (c) Procedures (d) Gantt chart components
- (e) Critical paths.

168. Management by Objectives (MBO) is a joint setting of goals and objectives by superiors and subordinates. If you were responsible for setting up an MBO program, which of the following steps would you need to complete before the others?

- (a) Establish specific goals for various departments, subunits and individuals
- (b) Formulate action plans
- (c) Clarify organizational roles
- (d) Implement and maintain self-control
- (e) Do performance appraisal.

169. Which of the following is not true regarding programmed decisions?

- (a) They are made in well-structured situations
- (b) They are based on established policies and procedures
- (c) They require managers to exercise discretion
- (d) They are made mostly by lower-level managers
- (e) They limit the managers' flexibility.

170. Direct control is the control that is exercised after the deviations from plans have occurred. Which of the following is not the underlying assumption of direct control?

- (a) Performance can be measured
- (b) Personal responsibility is absent
- (c) The time expenditure is warranted
- (d) Mistakes can be discovered in time

(e) The individual who is responsible will take corrective steps.

Answers

161. Answer : (d)

Reason : Technical skills are most important for first level managers and include knowledge of and proficiency in activities involving methods, processes, and procedures.

162. Answer : (a)

Reason : A Gantt chart is essentially a bar graph with time on the horizontal axis and the activities to be scheduled on the vertical axis. Hence from above discussion, we can infer that option (a) is correct.

163. Answer : (a)

Reason : Steering controls are used during the performance of activity. So option (a) is the answer.

164. Answer : (b)

Reason : The belief that businesses are being socially responsible when they attend only to economic interests is known as "Violation of profit maximization" argument against a firm being socially responsible. Hence from above discussion, we can infer that option (b) is correct.

165. Answer : (c)

Reason : Non-allowance for participation of stakeholders in the decision-making process is not an ethical guideline for managers. Hence from above discussion, we can infer that option (c) is correct. Options (a), (b), (d) and (e) are all ethical guidelines for managers.

166. Answer : (d)

Reason : The most general form of standing plans that specifies the broad parameters within which organization members are expected to operate in pursuit of organizational goals are called policies.

167. Answer : (a)

Reason : Programmes and budgets are examples of single-use plans.

168. Answer : (c)

Reason : MBO (Management By Objectives) is the process of joint setting of goals/objectives by the superior and the subordinate, and clarifying on the objective itself.

- ✚ The various steps in the MBO Process are:
- ✚ Develop overall organizational goals.
- ✚ Clarify organizational roles.
- ✚ Establish specific goals for various departments, subunits and individuals.
- ✚ Formulate action plans.
- ✚ Implement and maintain self-control.
- ✚ Do periodic review.
- ✚ Do performance appraisal.

Hence, from above discussion, we can infer that option (c) is correct.

169. Answer : (c)

Reason : Programmed decisions require managers to exercise little discretion.

170. Answer : (b)

Reason : The underlying assumptions of direct control are:

- ✚ Performance can be measured.
- ✚ Personal responsibility exists.
- ✚ The time expenditure is warranted.
- ✚ Mistakes can be discovered in time.
- ✚ The individual who is responsible will take corrective steps.

Hence, from above discussion, we can infer that option (b) is not the underlying assumption of direct control. Options (a), (c), (d) and (e) are all underlying assumptions of direct control.

171. Xeta Electronics Ltd. is faced with the problem of allocating resources to its newly set up computer peripherals division, because of some practical constraints like limited availability of resources, time, man-hours etc. Which of the following decision-making techniques can help it solve the problem?

- (a) Linear Programming (b) Decision tree (c) Simulation
(d) Waiting-line method (e) Game theory.

172. The concept of span of management concerns

- (a) Seeing that managers at the same level have equal numbers of subordinates
(b) Employee skill and motivation levels
(c) Supervision of one less than the known number of subordinates
(d) A determination of the number of individuals a manager can effectively supervise
(e) The nature of organization structure.

173. Several fundamental aspects pertaining to the organization need to be considered to describe the process of organizing. Which of the following steps are involved in the process of organizing?

- I. The objectives of the organization should be established.
II. The supportive objectives and plans should be formulated.
III. Emphasis on extreme occupational specialization.
IV. Authority should be delegated to the head of each group to perform their activities.
- (a) Both (I) and (II) above (b) Both (II) and (III) above
(c) Both (II) and (IV) above (d) (I), (II) and (III) above
(e) (I), (II) and (IV) above.

174. There are three major forms of divisional structures: product division, geographic division and customer division. Which of the following statements is not true about Customer Division or Departmentation?

- (a) It is set up to service particular types of clients or customers

- (b) It can address the special and widely varied needs of customers for clearly defined services
- (c) It is accompanied by the benefits of specialization
- (d) Coordination between sales and other functions becomes easier
- (e) Facilities and manpower, specialized for certain customer groups may be under-employed.

175. A matrix structure is a type of departmentalization that superimposes a horizontal set of divisional reporting relationships into a hierarchical functional structure. The major disadvantage of the matrix structure is

- (a) Duplication of resources
- (b) Lack of employee satisfaction
- (c) Lack of economies of scale
- (d) Its propensity to foster power, struggles
- (e) Monotony of work.

176. Which of the following management information systems is an interactive computer system that provides managers with the necessary information for making intelligent decisions?

- (a) Transaction processing system
- (b) Decision support system
- (c) Office automation system
- (d) Executive support system
- (e) Line support system.

177. Which of the following statements is not true of internationalization of organizations?

- (a) To reach organizational objectives, management may extend its activities to include an emphasis on organizations in foreign countries
- (b) In general, the larger the organization, the greater the likelihood that it participates in international activities of some sort
- (c) A manager's failure to understand different national sovereignties, national conditions, and national values and institutions can lead to poor investment decisions
- (d) Personal adjustments that employees of multinational corporations must make can influence how productively they work
- (e) Generally speaking, a multinational organization transcends any home country, whereas a transnational organization does not.

178. Which of the following can be said to be an appropriate technique for line personnel in reducing the line-staff conflict?

- (a) Emphasize the objectives of the organization as a whole
- (b) Make proper use of the staff abilities
- (c) Obtain any necessary skills they do not already possess
- (d) Deal intelligently with resistance to change rather than view it as an immovable barrier
- (e) Ignore the abilities of the staff personnel.

179. From the delegator's aspect, all of the following are the factors affecting the delegation of authority except

- (a) Love for authority
- (b) Fear of exposure
- (c) Attitude towards subordinates
- (d) Fear of criticism
- (e) Personality traits of the superiors.

180. The characteristic of an organization that describes the degree to which the organization monitors and responds to changes in the external environment is termed as

- (a) Open-systems focus
- (b) Means-end orientation
- (c) Control
- (d) Unit integration
- (e) Closed-system focus.

Answers

171. Answer : (a)

Reason : Linear programming is a mathematical technique used in optimum allocation of resources in the organization.

- a) **Decision tree** is a graphical method for identifying alternative actions, estimating probabilities, and indicating the resulting expected pay-off.
- b) **Simulation** is the technique of developing a model that represents a real or existing system for solving complex problems that cannot be readily solved by other techniques.
- c) **Waiting-line or queuing model** is a mathematical model that describes the operating characteristics of queuing situations, in which service is provided to persons or units waiting in line.
- d) **Game theory** is a technique for determining the strategy that is likely to produce maximum profits in a competitive situation.

172. Answer : (d)

Reason : The concept of span of management concerns a determination of the number of individuals a manager can effectively supervise.

173. Answer : (e)

Reason : Several fundamental aspects pertaining to the organization need to be considered to describe the process of organizing. It follows a logical sequence and consists of the following steps.

- i. The objectives of the organization should be established.
- ii. The supportive objectives and plans should be formulated.
- iii. Authority should be delegated to the head of each group to perform their activities.

174. Answer : (d)

Reason : Customer Departmentation is done to service particular types of clients or customers.

Coordination between sales and other functions becomes difficult, as Customer-based Departmentation is applicable only to the sales function.

Hence from above discussion, we can infer that option (d) is not true about Customer Departmentation.

Options (a), (b), (c) and (e) are all true about Customer Departmentation.

175. Answer : (d)

Reason : The major disadvantage of the matrix structure is its propensity to foster power struggles.

176. Answer : (b)

Reason: Decision support system is an interactive computer system that provides managers with the necessary information for making intelligent decisions.

177. Answer : (e)

Reason : Generally speaking, a transnational organization transcends any home country, whereas a multinational organization does not.

178. Answer : (b)

Reason : Making proper use of the staff abilities is an appropriate technique for line personnel in reducing line-staff conflict. Hence, from above discussion, we can infer that option (b) is correct.

179. Answer : (d)

Reason : From the delegator's aspect, all of the following are the factors affecting the delegation of authority except Fear of criticism.

180. Answer : (a)

Reason : Open-system focus is characteristic of organization that describes the degree to which the organization monitors and responds to changes in the external environment.

181. Every organization structure, even a poor one, can be charted. Which of the following is false with respect to an organization Chart?

- (a) It is a vital tool for providing information about organizational relationships
- (b) It provides a visual map of the chain of command
- (c) Charting an organization structure can show up the complexities and inconsistencies, which can be corrected
- (d) It shows authority relationships as well as informal and informational relationships
- (e) It helps managers and new personnel to know how and where they fit into the organization structure.

182. Modern organizations have been trying to create a corporate culture with a distinct identity by moulding the behaviours of their members. Which of the following is not a feature of organizational culture?

- (a) It is based on certain norms
- (b) It promotes dominant and stable values
- (c) It shapes philosophy and rules
- (d) It focuses on profit
- (e) It leads to observed behavioural regularities.

183. Manager Inventory Chart, also known as replacement chart, is used in Replacement Planning of human resource management in an organization. Which of the following is not an advantage of Manager Inventory Chart?

- (a) It gives an overview of the human resource situation of an organization
- (b) It shows the future internal supply of managers by indicating who is promotable in a year
- (c) It shows the position to which a manager may be promoted
- (d) Managers who are ready for promotion can be easily identified
- (e) Managers who do not perform satisfactorily can be identified and the need for training or replacement is needed.

184. There are few means of assessing internal labor supply. Which of the following does not pertain to skills inventory while assessing internal labor supply?

- (a) Employee skill
- (b) Employee interest
- (c) Employee turnover
- (d) Employee performance
- (e) Employee knowledge.

185. Which of the following conflict resolution techniques implies emphasizing the areas of agreement and common goals and de-emphasizing disagreements?

- (a) Problem Solving
- (b) Forcing
- (c) Smoothing
- (d) Compromise
- (e) Avoidance.

186. There can be different sources of resistance to change. For analytical purposes, they can be categorized as individual and organizational sources. Which of the following is an organizational source of resistance to change?

- (a) Habit
- (b) Structural inertia
- (c) Security
- (d) Fear of the unknown
- (e) Selective information processing.

187. Creative thoughts are the result of hard work and there are various techniques to foster creativity. Which of the following is one of the best-known techniques for facilitating creativity, developed by Alex F. Osborn?

- (a) Brainstorming
- (b) Synectics
- (c) Delphi Technique
- (d) Nominal Group Technique
- (e) Simulation.

188. Maslow's Hierarchy of Needs Theory argues that needs form a five-level hierarchy. Which of the following needs, as classified by Maslow, is at the bottom of the hierarchy?

- (a) Security needs
- (b) Social needs
- (c) Physiological needs
- (d) Esteem needs

(e) Self-actualization needs.

189. According to Hersey and Blanchard, when followers are in the initial “readiness” stage, the leader's behavior should be

- (a) High task and high relationship (b) High task and low relationship
- (c) Low task and low relationship (d) Low task and high relationship
- (e) High task and medium relationship.

190. Communication can well be treated as the force that brings the organizational participants together. We cannot expect effective management without communication. Which of the following factors does not help in effective communication?

- (a) Consider the total physical and human setting whenever you communicate
- (b) Consult with others, when appropriate, in planning communications
- (c) Follow up your communication
- (d) Focus the communication primarily at meeting the demands of an immediate situation
- (e) Look for the central idea in the communication process

Answers

181. Answer : (d)

Reason : Organization Chart is a vital tool for providing information about organizational relationships.

It shows authority relationships and neglects significant informal and informational relationships. Hence from above discussion, we can infer that option (d) is false with respect to Organization Chart. Options (a), (b), (c) and (e) are all true with respect to Organization Chart.

182. Answer : (d)

Reason : Organizational Culture is the collection of shared beliefs, values, rituals, stories, myths and specialized language that foster a feeling of community among organization members. It does not focus on profit. Hence, from above discussion, we can infer that option (d) is not a feature of Organizational Culture. Options (a), (b), (c) and (e) are all characteristics of Organizational Culture.

183. Answer : (c)

Reason: Manager Inventory Chart is a partial organization chart that shows managerial positions, current incumbents, potential replacements for each position, and the age of each person. However, it does not show the position to which a manager may be promoted. Hence, from above discussion, we can infer that option (c) is not an advantage of Manager Inventory Chart. Options (a), (b), (d) and (e) are all advantages of Manager Inventory Chart.

184. Answer : (c)

Reason : A skills inventory is a computerized database consisting of information regarding an employee, his skills, experience, interests, performance and other relevant personal characteristics. However, skills inventory does not provide any information about employee turnover.

185. Answer : (c)

Reason : Smoothing conflict resolution technique implies emphasizing the areas of agreement and common goals and de-emphasizing disagreements. Hence, from above discussion, we can infer that option (c) is correct.

186. Answer : (b)

Reason : Structural inertia is an organization's built-in mechanism to produce stability. e.g., formal rules and procedures for employees to follow. When an organization is confronted with change, this structural inertia acts as a counterbalance to sustain stability. Hence, from above discussion, we can infer that option (b) is correct. Options (a), (c), (d) and (e) are all individual sources of resistance to change.

187. Answer : (a)

Reason : Brainstorming is one of the best-known techniques for facilitating creativity, developed by Alex F. Osborn. Hence, from above discussion, we can infer that option (a) is correct.

188. Answer : (c)

Reason : According to Maslow's Hierarchy of Needs Theory, physiological needs are the basic needs of food, clothing and shelter. These needs are at the bottom of the hierarchy. Hence, from above discussion, we can infer that option (c) is correct.

189. Answer : (b)

Reason : According to Hersey and Blanchard, when followers are in the initial "readiness" stage, the leader's behavior should be one of high task and low relationship.

190. Answer : (d)

Reason : According to **L.A. Allen**, communication involves a systematic and continuous process of telling, listening and understanding. Focusing the communication primarily at meeting the demands of an immediate situation is not a factor, which helps, in effective communication. Hence, from above discussion, we can infer that option (d) does not help in effective communication. All other options are factors, which help, in effective communication.

191. It is a normal practice to categorize management into three basic levels: top management, middle management and supervisory or first-level management. The managers at these three levels require different kinds of skills to perform the functions associated with their jobs. The major difference in skill requirements between middle and top managers is that

- (a) Top managers must generally be more skilled than middle managers in every respect
- (b) Top managers require better interpersonal skills but less conceptual skills than middle managers
- (c) Top managers generally require better technical and interpersonal skills than middle managers
- (d) Top managers generally require higher level conceptual skills but less technical skills than middle managers
- (e) Middle managers require better technical and conceptual skills than top managers.

192. According to the Scientific Management School of Thought, which of the following is defined as the systematic, objective and critical examination of all the factors governing the operational efficiency of a specified activity to bring about improvement?

- (a) Work methods study
- (b) Micromotion study
- (c) Time study
- (d) Motion study
- (e) Performance study.

193. Today, many organizations are involved in social activities. The belief that businesses are being socially responsible when they attend only to economic interests is known as which argument against a firm being socially responsible?

- (a) Too much power
- (b) Violation of profit maximization
- (c) Excessive costs
- (d) Lack of social skills
- (e) Lack of accountability.

194. Which of the following are elements that aid in strategy implementation include bonuses, awards and promotions?

- (a) Technology
- (b) Human resources
- (c) Rewards system
- (d) Decision processes
- (e) Structure.

195. Which of the following is/are subsystem(s) that are frequently an integral part of 'Management by Objectives (MBO)'?

- I. Manpower planning.
- II. Compensation.
- III. Organization design.
- IV. Operations research.
- (a) Only (III) above
- (b) Both (I) and (II) above
- (c) Both (III) and (IV) above
- (d) (I), (II) and (III) above
- (e) (I), (II) and (IV) above.

196. When decision makers construct simplified models that extract the essential features from a problem without capturing all the complexities of a problem, they are acting under which of the following?

- (a) Bounded rationality
- (b) Unbounded rationality
- (c) Uncertainty
- (d) Heuristics
- (e) Kinesics.

197. There are both advantages and disadvantages of group decision-making. Which of the following would generally not be considered an advantage of group decision-making?

- (a) Groups generally come up with more and better decision alternatives than an individual can
- (b) The members of the group tend to support the implementation of the decision more fervently than they would if the decision had been made by an individual

- (c) A group can bring much more information and experience to bear on a decision or problem than an individual acting alone
- (d) The group is more likely to use "groupthink" when coming to a decision
- (e) A group is able to give different perspectives to a problem.

198. Rate of change is one of the factors that determines effective span of management. Changes occur more rapidly in certain organizations than in others. This rate of change

- (a) Determines how efficient subordinates are without guidance from their superiors
- (b) Enables subordinates to clearly understand what is expected of them
- (c) Determines the degree to which policies can be formulated and the stability that can be achieved in the policies
- (d) Helps identify deviation in plans
- (e) Determines effectiveness of communication techniques.

199. Which of the following are the generic strategies suggested by Porter that might adopt to make their organizations more competitive?

- | | |
|--|--------------------------------|
| I. Divestiture. | II. Focus. |
| III. Cost leadership. | IV. Differentiation. |
| (a) Only (II) above | (b) Both (I) and (II) above |
| (c) Both (III) and (IV) above | (d) (II), (III) and (IV) above |
| (e) All (I), (II), (III) and (IV) above. | |

200. Divisional structure is a type of departmentation in which positions are grouped according to similarity of products, services or markets. Which of the following is not an advantage of divisional Structure?

- (a) Each unit or division can respond or react quickly, when required, because they normally do not need to coordinate with other divisions before taking an action
- (b) Coordination is simplified as each division is similar to an organization, containing the various functions within it
- (c) Individuals are able to develop in-depth areas of specialization to the same extent as in a functional structure
- (d) It helps the organization to focus on serving a particular customer
- (e) It helps to fix responsibility and accountability for performance.

Answers

191. Answer : (d)

Reason : The major difference in skill requirements between middle and top managers is that top managers generally require higher level conceptual skills but less technical skills than middle managers.

Hence, from above discussion, we can infer that option (d) is correct.

192. Answer : (a)

Reason : According to the Scientific Management School of Thought, Work Methods Study is defined as the systematic, objective and critical examination of all the factors governing the operational efficiency of a specified activity to bring about improvement.

Hence, from above discussion, we can infer that option (a) is correct.

193. Answer : (b)

Reason : The belief that businesses are being socially responsible when they attend only to economic interests is known as "Violation of profit maximization" argument against a firm being socially responsible.

Hence from above discussion, we can infer that option (b) is correct

194. Answer : (c)

Reason : Bonuses, awards and promotions form part of the rewards system.

195. Answer : (b)

Reason : The following are subsystems that are frequently an integral part of 'management by objectives':

- I. Manpower planning.
- II. Compensation.

196. Answer : (a)

Reason : When decision makers construct simplified models that extract the essential features from a problem without capturing all the complexities of a problem, they are acting under bounded rationality.

197. Answer : (d)

Reason: Sometimes cohesive "in groups" let the desire for unanimity override sound judgment when generating and evaluating alternative courses of action.

Hence, from above discussion, we can infer that option (d) would generally not be considered an advantage of group decision-making.

Options (a), (b), (c) and (e) are all advantages of group decision-making.

198. Answer: (c)

Reason: Rate of change determines the degree to which policies can be formulated and the stability that can be achieved in the policies.

199. Answer : (d)

Reason : The generic strategies developed by Porter to illustrate the kind of strategies managers might develop to make their organizations more competitive are as follows:

- i. Cost leadership.
- ii. Differentiation.

iii. Focus.

Hence, from above discussion, we can infer that option (d) is correct.

200. Answer : (c)

Reason: Divisional Structure is a type of departmentation in which positions are grouped according to similarity of products, services or markets.

Individuals are unable to develop in-depth areas of specialization to the same extent as in a functional structure.

Hence from above discussion, we can infer that option (c) is not an advantage of divisional structure.

Options (a), (b), (d) and (e) are all advantages of divisional structure.

201. Delegate means to grant or confer on subordinates certain tasks and duties along with sufficient authority, to accomplish these. Which of the following points is most likely to increase the effectiveness of delegation?

- (a) Detail how the required tasks are to be completed for the subordinate
- (b) Predetermine the desired results and performance standards for the delegated task
- (c) Explain the relevance of delegated tasks to larger projects or to department or organization goals
- (d) Maintain the authority necessary to accomplish the main tasks
- (e) Retain the decision-making power for the delegated tasks.

202. Which of the following is/are reason(s) for line-staff conflict from the view point of staff personnel?

- I. Line managers do not seek input from staff personnel.
 - II. Staff function dilutes the line manager's authority.
 - III. Line managers resist new ideas.
 - IV. Staff personnel lack a first-hand experience of operations.
- (a) Only (I) above
 - (b) Only (IV) above
 - (c) Both (I) and (III) above
 - (d) Both (II) and (IV) above
 - (e) (I), (II) and (III) above.

203. In modern times, organizations have been trying to create a corporate culture with a distinct identity by molding the behavior of their members. The original source of an organization's culture is most strongly associated with

- (a) Overseas influences

- (b) Political factors in the external environment
- (c) General economic trends
- (d) The vision of the organization's founder(s)
- (e) The make-up of organizational members when the organization was established.

204. The selection process involves choosing the candidates who best meet the qualifications and have the greatest aptitude for the job. Different kinds of selection devices are used for the purpose. Which of the following selection devices involves presenting applicants with a miniature model of a job and have them perform a task that is central to that job?

- (a) Personality test
- (b) Work sampling test
- (c) Application blank
- (d) Knowledge test
- (e) Intelligence test.

205. The success of an organization greatly depends on the decisions that managers make. What are the three decision-making conditions, which managers deal with, in analyzing decision alternatives?

- (a) Certainty, uncertainty, risk
- (b) Certainty, uncertainty, maximax
- (c) Certainty, minimax, risk
- (d) Maximax, uncertainty, risk
- (e) Maximax, certainty, risk.

206. Apart from on-the-job training, there are many other approaches to manager development. Development of organizing and intervening skills in group processes, usually takes place in case of

- (a) Sensitivity training
- (b) Survey feedback
- (c) Team building
- (d) Process consultation
- (e) Cooptation.

207. Every organization makes minor structural adjustments in reaction to changes. The forces of change can be internal or external to the organization. Which of the following is not an internal force of change?

- (a) Organizational strategy
- (b) Technology
- (c) Employee attitude
- (d) Organizational culture
- (e) Workforce.

208. Lyman Porter and his colleagues classified the underlying nature of people into six models. Which of the following views proposes that people are unpredictable, subjective, relative and unique in nature?

- (a) Rational
- (b) Emotional
- (c) Behavioristic
- (d) Self-actualizing
- (e) Phenomenological.

209. Different behavioral scientists have developed different theories on motivation. One such behavioral scientist by the name of Herzberg gave the two-factor theory of motivation. According to Herzberg's motivation-hygiene theory, which of the following are hygiene factors?

- (a) Personal life, security, salary and recognition
- (b) Advancement, salary, status, company policy
- (c) Relationship with peers, status, supervision and security
- (d) Working conditions, relationship with subordinates, supervision and work itself
- (e) Responsibility, salary, status, company policy.

210. The managerial grid identified five specific leadership styles. Which leader believes that thoughtful attention to the needs of people for a satisfying relationship leads to a comfortable, friendly organizational atmosphere and work tempo?

- (a) Task
- (b) Middle of the road
- (c) Country club
- (d) Team
- (e) Impoverished.

Answers

201. Answer : (c)

Reason: Delegate means to grant or confer. Thus, a manager grants or confers on subordinates certain tasks and duties along with sufficient authority, to accomplish these.

Explaining the relevance of delegated tasks to larger projects or to department or organization goals is most likely to increase the effectiveness of delegation.

Hence, from above discussion, we can infer that option (c) is correct.

202. Answer : (c)

Reason : The following are reasons for line-staff conflict from the viewpoint of staff personnel:

- Line managers do not seek input from staff personnel.
- Line managers resist new ideas.

Statement (II) and (IV) are reasons for line-staff conflict from the viewpoint of line personnel.

203. Answer : (d)

Reason: The original source of an organization's culture is most strongly associated with the vision of the organization's founder(s).

Hence, from above discussion, we can infer that option (d) is correct.

204. Answer : (b)

Reason: Work Sampling Test is a selection device which involves presenting applicants with a miniature model of a job and has them perform a task that is central to that job.

Hence, option (b) is correct.

205. Answer : (a)

Reason : The three decision-making conditions, which managers face in analyzing decision alternatives are certainty, uncertainty and risk.

Hence, from above discussion, we can infer that option (a) is correct.

206. Answer : (a)

Reason: Sensitivity training is concerned with (i) better understanding of group processes, (ii) development of organizing and intervening skills in group processes and (iii) better insight into one's own behavior and the way one is viewed by others. Hence, option (a) is correct.

207. Answer : (b)

Reason: Technology is an external force of change.

Hence, option (b) is not an internal force of change.

Options (a), (c), (d) and (e) are all internal forces of change.

208. Answer : (e)

Reason: The phenomenological view proposes that people are unpredictable, subjective, relative and unique in nature.

209. Answer : (c)

Reason: According to Herzberg's motivation-hygiene theory, relationship with peers, status, supervision and security are the four responses that are all hygiene factors.

Hence, option (c) is correct.

210. Answer : (c)

Reason: According to the managerial grid, the country club leader believes that thoughtful attention to the needs of people for a satisfying relationship leads to a comfortable, friendly organizational atmosphere and work tempo.

211. The Managerial Grid, propounded by Blake and Mouton, is based on a manager's concern for people and concern for production. The most effective management style as characterized by the Managerial Grid is

- (a) High concern for people and low concern for production
- (b) High concern for people and high concern for production
- (c) Low concern for people and high concern for production
- (d) Low concern for people and low concern for production
- (e) Moderate concern for people and moderate concern for production.

212. In an effective organization, information flows in various directions. Which of the following information flows takes place among persons at different levels, who have no direct relationships?

- (a) Downward (b) Upward
(c) Horizontal (d) Diagonal
(e) Formal.

213. Which of the following is a measure of how appropriate organizational goals are, and how well an organization is achieving those goals?

- (a) Competitor analysis (b) Environmental scanning
(c) Situational effectiveness (d) Organizational effectiveness
(e) SWOT analysis.

214. Financial ratios are particularly important to managerial control in an organization. One such financial ratio, viz., return on investment, is a ratio that attempts to measure a firm's

- (a) Leverage (b) Profitability
(c) Liquidity (d) Reliability
(e) Serviceability.

215. According to the Tannenbaum and Schmidt model of leadership, which of the following statement(s) describe more of a boss centered leadership?

- I. A manager more likely asks the group to make a decision.
II. A manager permits subordinates to function within limits.
III. A manager more likely "sells" the decision.
IV. A manager presents ideas and invites questions.
(a) Only (III) above (b) Both (I) and (II) above
(c) Both (II) and (III) above (d) Both (III) and (IV) above
(e) (I), (II) and (IV) above.

216. The process of assessing the organization's strategy and environmental demands and then determining the appropriate organizational structure is called

- (a) Organizational development (b) Organizational design
(c) Organizational chart (d) Organizational theory
(e) Organizational culture.

217. Hazard Analysis and Critical Control Point Method (HACCP) is used in the food manufacturing industry to identify and prevent microbial and other germs from causing harm to food. Which of the following principles involves identification of preventive measures the manufacturing units can adopt, to control food safety hazards that arise during processing?

- (a) Hazard analysis (b) Identifying control points

- (c) Critical limits (d) Establish corrective actions
- (e) Establishing procedures to ensure correct working.

218. Management Information System (MIS) helps the manager to discharge his/her managerial functions in a more efficient manner. The first necessary step to effectively operate an MIS is

- (a) Summarizing data (b) Analyzing data
- (c) Determining information needs (d) Gathering appropriate information
- (e) Generating reports from gathered data.

219. Which of the following statements is/are true about executive support systems?

- I. They provide market intelligence, investment intelligence and technology intelligence.
- II. They make greater use of analytical models and are less interactive.
- III. They support decision-making at the top level of management.
- (a) Only (I) above (b) Only (II) above
- (c) Only (III) above (d) Both (I) and (III) above
- (e) All (I), (II) and (III) above.

220. In which of the following orientations toward international business, does a firm analyze the needs of customers worldwide and then adopts standardized practices for all the markets it serves?

- (a) Ethnocentric (b) Polycentric
- (c) Geocentric (d) Regiocentric
- (e) Unicentric.

Answers

211. Answer : (b)

Reason: According to the Managerial Grid, propounded by Blake and Mouton, the most effective management style is characterized by high concern for people and high concern for production.

Hence, option (b) is correct.

212. Answer : (d)

Reason: Diagonal information flow takes place among persons at different levels who have no direct relationships.

Hence, option (d) is correct.

213. Answer : (d)

Reason: Organizational effectiveness is a measure of how appropriate organizational goals are, and how well an organization is achieving those goals.

Hence, option (d) is correct.

214. Answer : (b)

Reason: Return on investment is the ratio of earnings before taxes to that of total assets. So, it attempts to measure profitability.

Hence, option (b) is correct.

215. Answer : (d)

Reason : According to the Tannenbaum and Schmidt model of leadership, the following statements describe more of a boss centered leadership

- A manager more likely "sells" the decision.
- A manager presents ideas and invites questions.

The other two statements describe the subordinate centered leadership.

216. Answer : (b)

Reason : The process of assessing the organization's strategy and environmental demands and then determining the appropriate organizational structure is called organizational design.

217. Answer : (a)

Reason: Hazard analysis involves identification of preventive measures the manufacturing units can adopt, to control food safety hazards that arise during processing.

218. Answer : (c)

Reason: MIS (Management Information System) can be defined as an integrated, user-machine system for providing information to support managerial, operational and decision-making functions in an organization.

The first necessary step to effectively operate an MIS is determining information needs.

Hence, option (c) is correct.

219. Answer : (d)

Reason : The following statements are true about executive support systems:

- They provide market intelligence, investment intelligence and technology intelligence.
- They support decision-making at the top level of management.

The executive support systems make less use of analytical models and are highly interactive. Hence, statement (II) is not true about ESS.

220. Answer : (c)

Reason: In the geocentric orientation toward international business, a firm analyzes the needs of customers worldwide and then adopts standardized practices for all the markets it serves.

221. According to which of the following management approaches, does managerial practice depend on circumstances?

(a) Systems approach

(b) Contingency approach

- (c) Mc Kinsey's 7-S framework (d) Empirical approach
- (e) Human relations approach.

222. Five different workers perform different tasks contributing to completion of one specific job for instance preparing a Big Mac at McDonald's. This division of labour refers to which of Fayol's principles of management?

- (a) Work specialization (b) Scalar chain
- (c) Order (d) Authority and responsibility
- (e) Centralization.

223. Managers' making ethical decisions may belong to any of the three levels of moral development. Which of the following stages describes the pre-conventional level of moral development?

- (a) Following rules only when it is in one's immediate interest
- (b) Living up to what is expected by people who are close to oneself
- (c) Maintaining conventional order by fulfilling obligations to which one has agreed
- (d) Valuing rights of others, and upholding non-relative values and rights, regardless of the majority's opinion
- (e) Following self-chosen ethical principles even if they violate the law.

224. The only thing that is permanent in this world is change. A change is bound to occur in the internal environment or external environment, no matter what management does. Planning can't eliminate change, but managers usually plan in order to

- (a) Decide what needs to be done when a change in environment takes place
- (b) Anticipate changes and develop the most-effective response to changes
- (c) Have the appropriate materials available when the demand for them comes about
- (d) Be prepared for when changes in management at the top occur
- (e) Recruit new people if old employees leave.

225. As an organization grows in size and complexity, specialization of various tasks becomes a necessity, in most of the cases. Which of the following refers to the tendency of a system to move towards increased specialization of various tasks?

- (a) Equifinality (b) Focus
- (c) Differentiation (d) Dynamic Homeostasis
- (e) Cost leadership.

226. In order to understand the opportunities and threats faced by an organization, managers should analyze their organization's environment. Various tools available for the purpose, what are the three most effective tools that managers can use to analyze the organization's environment?

- (a) Benchmarking, planning and evaluating

- (b) Environmental scanning, forecasting and benchmarking
- (c) Strategic planning, environmental scanning and TQM
- (d) Forecasting, budgeting and time management
- (e) Strategic planning, environmental scanning and management control.

227. Companies identify their strengths, weaknesses, opportunities and threats in the business environment through SWOT analysis. Which of the following constitutes 'potential resource weaknesses' for an organization?

- I. A weak balance sheet burdened with too much debt.
 - II. Loss of sales to substitute products.
 - III. Sub par e-commerce systems and capabilities relative to rivals.
 - IV. Costly new regulatory requirements.
 - V. Not attracting customers as rapidly as rivals due to ho-hum product attributes.
- (a) Both (I) and (II) above
 - (b) Both (IV) and (V) above
 - (c) (I), (III) and (V) above
 - (d) (II), (III) and (IV) above
 - (e) All (I), (II), (III), (IV) and (V) above.

228. Major decisions in organizations are most often made by groups rather than a single individual. Group decision-making is the norm in most large and complex organizations. Which of the following would generally not be considered an advantage of group decision-making?

- (a) Groups generally come up with more and better decision alternatives than an individual can
- (b) The members of the group tend to support the implementation of the decision more fervently than they would if the decision had been made by an individual
- (c) A group can bring much more information and experience to bear on a decision or a problem than an individual acting alone
- (d) The group is more likely to use "groupthink" when coming to a decision
- (e) A group is able to give different perspectives to a problem.

229. Which of the following statements is/are true about the satisfying decision model?

- I. Managers seek alternatives only until they identify one that looks satisfactory.
 - II. Managers search for the perfect or ideal decision.
 - III. It is appropriate when the cost of searching for a better alternative exceeds the potential gain that is likely by following the satisfying approach.
- (a) Only (I) above
 - (b) Only (II) above
 - (c) Only (III) above
 - (d) Both (I) and (III) above
 - (e) Both (II) and (III) above.

230. An organization can be described as an open system because it

- I. Has interrelated and interdependent parts (departments and divisions) that function as a whole.
- II. Gets inputs from and distributes outputs to the external environment.
- III. Impacts, and is impacted by, the external environment.
- IV. Is perfectly deterministic and predictable.

(a) Only (II) above**(b) Both (I) and (II) above****(c) Both (III) and (IV) above****(d) (I), (II) and (III) above****(e) All (I), (II), (III) and (IV) above.****ANSWERS****221. Answer : (b)**

Reason : According to contingency approach to management, managerial practice depends on circumstances.

222. Answer : (a)

Reason : Work specialization involves different people each doing a specific job.

223. Answer : (a)

Reason : Pre-conventional Level of Moral Development is influenced exclusively by personal interest. It is concerned with following rules only when it's of interest.

Hence from above discussion, we can infer that option (a) is correct.

224. Answer : (b)

Reason : Planning can't eliminate change, but managers usually plan in order to anticipate changes and develop the most-effective response to changes.

Hence from above discussion, we can infer that option (b) is correct.

225. Answer : (c)

Reason : Differentiation is the tendency of a system to move towards increased specialization of various tasks.

Hence, from above discussion, we can infer that option (c) is correct.

226. Answer : (b)

Reason : Environmental scanning, forecasting, and benchmarking are the three most effective tools that managers can use to analyze their organization's environment.

Hence from above discussion, we can infer that option (b) is correct.

227. Answer : (c)

Reason : The following constitute 'potential resource weaknesses' for an organization:

- I. A weak balance sheet burdened with too much debt.
- III. Sub par e-commerce systems and capabilities relative to rivals.
- V. Not attracting customers as rapidly as rivals due to ho-hum product attributes.

Statement (II) and (IV) are potential threats to an organization.

228. Answer : (d)

Reason : Sometimes cohesive “in groups” let the desire for unanimity override sound judgement when generating and evaluating alternative courses of action.

Hence, from above discussion, we can infer that option (d) would generally not be considered an advantage of group decision-making.

Options (a), (b), (c) and (e) are all advantages of group decision-making.

229. Answer : (d)

Reason : The following statements are true about the satisficing decision model:

- I. Managers seek alternatives only until they identify one that looks satisfactory.
- III. It is appropriate when the cost of searching for a better alternative exceeds the potential gain that is likely by following the satisficing approach.

Statement (II) Managers search for the perfect or ideal decision is true with respect to rational decision making.

230. Answer : (d)

Reason : An organization can be described as an open system because it

- I. Has interrelated and interdependent parts (departments and divisions) that function as a whole.
- II. Gets inputs from and distributes outputs to the external environment.
- III. Impacts, and is impacted by, the external environment.

A closed system is perfectly deterministic and predictable

231. Departmentalization divides a large and complex organization into smaller and more flexible administrative units. A type of departmentalization in which similar specialists and people with common skills, knowledge and orientations are grouped together, is referred to as

- (a) Process departmentalization
- (b) Functional departmentalization
- (c) Product departmentalization
- (d) Customer departmentalization
- (e) Geographic departmentalization.

232. Which of the following statements is incorrect with respect to ‘functional authority’?

- (a) Managing functional authority relationships is similar to managing dual-boss relationships
- (b) It should be restricted to the procedural aspects of a function

- (c) It is similar to line authority except that staff personnel with functional authority do not have a right to punish violations from the intended course of action
- (d) It should not be delegated too much down the line as such delegation may create problems
- (e) If unity of command were to be applied without exception, functional authority would be exercised only by staff managers.

233. Every organization structure, even a poor one, can be charted. Which of the following is false with respect to Organization Chart?

- (a) It is a vital tool for providing information about organizational relationships
- (b) It provides a visual map of the chain of command
- (c) Charting an organization structure can show up the complexities and inconsistencies, which can be corrected
- (d) It shows authority relationships as well as informal and informational relationships
- (e) It helps managers and new personnel to know how and where they fit into the organization structure.

234. Various selection devices are used to choose candidates who best meet the qualifications and have the greatest aptitude for the job. Asking a candidate for an automotive mechanic's position to assemble and disassemble part of an engine motor would be an example of what kind of selection device?

- (a) Psychological test
- (b) Personality test
- (c) Performance test
- (d) Intelligence test
- (e) Application blank.

235. Performance appraisal involves the formal evaluation of an individual's job performance. Which of the following guidelines is least likely to improve the effectiveness of the appraisal process?

- (a) Stress both performance in the position the individual holds and the success with which the individual is attaining organizational objectives
- (b) Emphasize the evaluator's impression of the individual's work habits
- (c) Ensure that the appraisal is acceptable to both the evaluator and the evaluated
- (d) Ensure that the appraisal provides a base for improving individuals' productivity within the organization by making them better equipped to produce
- (e) Determine standards of effective performance.

236. Managers can adopt various methods to overcome initial resistance to change. In which of the following methods of overcoming resistance to change, management neutralizes potential or actual resistance by exchanging something of value for cooperation?

- (a) Facilitation and support
- (b) Manipulation
- (c) Negotiation and agreement
- (d) Explicit and implicit coercion
- (e) Education and communication.

237. Douglas McGregor identified two opposing perspectives (Theory X and Theory Y) that he believed typified managerial views of employees and suggested that management must start with the basic question of how managers see themselves in relation to others. Which of the following is not true about his theory?

- (a) Theory X managers view people as having an inherent dislike of work
- (b) Theory X managers assume that people do not want to be directed
- (c) Theory Y managers assume that the average person will accept, even seek, responsibility
- (d) Theory Y managers view people as responsible and conscientious
- (e) Theory Y managers assume that people are internally motivated to accomplish the goals and objectives.

238. The manager of Master Products Ltd., a leading manufacturer of electrical components, instructed Tarun, Shreya, Aparna, and Sheila, who all worked together, to teach each other their job skills to be more effective. What is this called?

- (a) Cross-training
- (b) Role perception
- (c) Training
- (d) Simulation
- (e) Apprenticeship.

239. Senthil is a salesperson for Cloud 9 Corporation's Chennai office. If the salespersons meet their sales goals for the month, they are given an all-expense-paid trip to a Salgaonkar Club football game. Football is not one of Chennai's favorite sports, and the Salgaonkar Club is definitely not Senthil's favorite team. Which component of Vroom's expectancy theory influences Senthil's performance?

- (a) Effort-performance linkage
- (b) Performance-reward linkage
- (c) Effort-reward linkage
- (d) Valence
- (e) Instrumentality.

240. Which of the following statements is/are true with respect to content theories of motivation?

- I. Maslow's self-actualization and esteem needs correspond to Herzberg's motivators.
 - II. McClelland's need for achievement corresponds to Alderfer's relatedness needs.
 - III. Maslow's esteem needs correspond to Alderfer's need for power.
 - IV. Herzberg's hygiene factors correspond to McClelland's need for affiliation, Maslow's social needs and Alderfer's existence needs.
- (a) Only (I) above
 - (b) Both (I) and (III) above
 - (c) Both (II) and (IV) above
 - (d) (II), (III) and (IV) above
 - (e) All (I), (II), (III) and (IV) above.

Answers

231. Answer : (b)

Reason : A type of departmentalisation in which similar specialists and people with common skills, knowledge and orientations are grouped together, is referred to as Functional departmentalisation.

Hence, from above discussion, we can infer that option (b) is correct.

232. Answer : (e)

Reason : If unity of command were to be applied without exception, functional authority would be exercised only by line managers. Hence, option (e) is incorrect and is the answer.

233. Answer : (d)

Reason : Organization Chart is a vital tool for providing information about organizational relationships.

It shows authority relationships and neglects significant informal and informational relationships

Hence from above discussion, we can infer that option (d) is false with respect to Organization Chart.

Options (a), (b), (c) and (e) are all true with respect to Organization Chart.

234. Answer : (c)

Reason : Performance Test or Work Sampling Test is used as a means of measuring practical ability on a specific job. The applicant completes some job activity under structured conditions.

Hence from above discussion, we can infer that option (c) is correct.

235. Answer : (b)

Reason : Performance appraisal involves the formal evaluation of an individual's job performance.

Emphasizing the evaluator's impression of the individual's work habits is least likely to improve the effectiveness of the appraisal process.

Hence, from above discussion, we can infer that option (b) is correct.

236. Answer : (c)

Reason : In negotiation and agreement method of overcoming resistance to change, management neutralizes potential or actual resistance by exchanging something of value for cooperation.

Hence, from above discussion, we can infer that option (c) is correct.

237. Answer : (b)

Reason : As per McGregor, Theory X managers assume that people prefer to be directed, wish to avoid responsibility, have little ambition, and above all, want security.

Hence, from above discussion, we can infer that option (b) is not correct about his theory.

Options (a), (c), (d) and (e) are all correct about his theory.

238. Answer : (a)

Reason : **Tarun, Shreya, Aparna and Sheila** all worked together, and to be more effective they taught each other their job skills. This process is called job rotation or cross-training. This is defined as a job design approach that involves periodically shifting workers through a set of jobs in a planned sequence. **(b) Role perception** is the individual's understanding of the behavior needed to accomplish a task or perform a job. **(c) Training** is the systematic development of knowledge, skills and attitudes required by an individual to perform adequately a given job or a task. **(d) Simulation** is a quantitative planning technique that uses mathematical models to imitate reality. **(e) Apprenticeship** is providing training in basic skills and impart knowledge in specified trades to apprentices in order to improve opportunities for employment or to help them promote their own business.

239. Answer : (d)

Reason : Senthil's performance is influenced by the component of valence.

240. Answer : (b)

Reason : The following statements are true with respect to content theories of motivation:

- i. Maslow's self-actualization and esteem needs correspond to Herzberg's motivators.
- ii. Maslow's esteem needs correspond to Alderfer's need for power.

The following statements are not true with respect to content theories of motivation:

- iii. McClelland's need for achievement corresponds to Alderfer's relatedness needs. Since, McClelland's need for achievement corresponds to Alderfer's growth needs.
- iv. Herzber's hygiene factors correspond to McClelland's need for affiliation, Maslow's social needs and Alderfer's existence needs since Herzber's hygiene factors correspond to Maslow's safety and physiological needs and Alderfer's existence needs.

241. The managerial grid, propounded by Robert Blake and Jane Srygley Mouton, is a well-developed approach to defining leadership styles. It identifies five distinct leadership styles. According to this grid, the (9, 9) manager

- (a) Gives thoughtful attention to the needs of people, for a satisfying relationship leads to a comfortable, friendly atmosphere and work tempo
- (b) Believes that concern for people and tasks are compatible and that tasks need to be carefully explained and decisions endorsed by subordinates to achieve a high level of commitment
- (c) Believes in compromise, so that decisions are taken but only if endorsed by subordinates
- (d) Exerts minimum effort to get required work done
- (e) Is task-oriented and stresses the quality of the decision over the wishes of subordinates.

242. Of the various leadership styles suggested by the path-goal theory, which of the following statements is/are true about 'supportive leadership'?

- I. It involves creating a pleasant organizational climate.
- II. It involves providing clear guidelines to subordinates.
- III. It shows concern for subordinates.
- IV. It corresponds to task-centered leadership described in other leadership theories.

- (a) Only (II) above
- (b) Both (I) and (III) above
- (c) Both (II) and (IV) above
- (d) (I), (II) and (III) above

(e) (I), (III) and (IV) above.

243. Communication can well be treated as the force that binds the organizational participants together. We cannot expect effective management without communication. Which of the following factors does not help in effective communication?

- (a) Considering the total physical and human setting whenever you communicate
- (b) Consulting with others, when appropriate, in planning communications
- (c) Following up your communication
- (d) Focusing the communication primarily at meeting the demands of an immediate situation
- (e) Looking for the central idea in the communication process.

244. Controls can be classified on the basis of their timing or stage in the production process. With regard to the time element of controls, which of the following controls monitor activities while they are being carried out?

- (a) Feedback
- (b) Feed forward
- (c) Precontrol
- (d) Concurrent
- (e) Preliminary.

245. Financial ratios are particularly important to managerial control in an organization. One such financial ratio, viz., return on investment, is a ratio that attempts to measure a firm's

- (a) Leverage
- (b) Profitability
- (c) Liquidity
- (d) Reliability
- (e) Serviceability.

246. Which of the following statements is/are true about investment centers?

- I. The control system examines the role of assets in generating profit.
- II. In investment centers, outputs are measured in monetary terms and directly compared with input costs.
- III. It helps top management calculate the mere inflow and outflow of currency, rather than giving a total picture of profitability.

- (a) Only (I) above
- (b) Only (II) above
- (c) Both (I) and (III) above
- (d) Both (II) and (III) above
- (e) All (I), (II) and (III) above.

247. Operations Management is a tool by which management can create and improve upon its operations. Which of the following statements is true regarding Operations Management?

- (a) Operations managers are not found in the service sector
- (b) Operations Management is concerned with only the input stage of product development

- (c) The outputs of the operations system include both goods and services
- (d) Labour is part of the transformation stage and is not considered an input
- (e) The techniques of Operations Management are not applicable to other disciplines such as finance, marketing and human resource management.

248. Which of the following controls is the cause of an unsatisfactory outcome traced back to the individual responsible for it, who is then made to correct the practice?

- (a) Preventive control (b) Cybernetic control
- (c) Direct control (d) Steering control
- (e) Yes-no control.

249. According to the Japanese management practices, what refers to “my/one’s company” where people are treated as family members?

- (a) Ringi (b) Henko
- (c) Kacho (d) Kaisha
- (e) Habatsu.

250. Which of the following management information systems aims at facilitating communication and increasing the efficiency and productivity of managers and office workers through document and message processing?

- (a) Transaction processing system (b) Decision support system
- (c) Office automation system (d) Executive support system
- (e) Line support system.

Answers

241. Answer : (b)

Reason : As per the managerial grid, the (9,9) manager believes that concern for people and tasks are compatible and that tasks need to be carefully explained and decisions endorsed by subordinates to achieve a high level of commitment.

Hence, from above discussion, we can infer that option (b) is correct.

242. Answer : (b)

Reason : The following statements are true about ‘supportive leadership’:

- I. It involves creating a pleasant organizational climate.
- II. It shows concern for subordinates.

Instrumental leadership involves providing clear guidelines to subordinates. Hence, statement (II) is not true.

Supportive leadership corresponds to relationship-oriented leadership described in other leadership theories. Instrumental leadership corresponds to task-centered leadership described in other leadership theories.

243. Answer : (d)

Reason : According to **L.A. Allen**, communication involves a systematic and continuous process of telling, listening and understanding.

Focusing the communication primarily at meeting the demands of an immediate situation is not a factor which helps in effective communication.

Hence, from above discussion, we can infer that option (d) does not help in effective communication.

244. Answer : (d)

Reason : With regard to the time element of controls, concurrent controls monitor activities while they are being carried out.

Hence from above discussion, we can infer that option (d) is correct.

245. Answer : (b)

Reason : Return on investment is the ratio of earnings before taxes to that of total assets. So, it attempts to measure profitability.

Hence, from above discussion, we can infer that option (b) is correct.

246. Answer : (a)

Reason : The following statements is true about investment centers:

- I. The control system examines the role of assets in generating profit.

247. Answer : (c)

Reason : Operations Management oversees the transformation process that converts resources such as labor and raw materials into finished goods and services.

Hence, from above discussion, we can infer that option (c) is true regarding Operations Management.

Options (a), (b), (d) and (e) are all false regarding Operations Management.

248. Answer : (c)

Reason : In direct control the cause of an unsatisfactory outcome traced back to the individual responsible for it who is then made to correct the practice.

249. Answer : (d)

Reason: According to the Japanese management practices, Kaisha refers to “my/one’s company” where people are treated as family members.

250. Answer : (c)

Reason : An office automation system aims at facilitating communication and increasing the efficiency and productivity of managers and office workers through document and message processing.

251. Planning by a supervisor of a goods processing department to rearrange the location of several pieces of equipment so that the new order can begin on time, three months hence, would be an example of a/an

- (a) Tactical plan
- (b) Operational plan
- (c) Tactical goal
- (d) Operational goal
- (e) Strategic goal.

252. As the size of the organization increases the more sophisticated the organizational structure becomes. Hence management is categorized into three basic levels i.e. top-level management, middle level-management and supervisory-level management. Which of the following is false with regard to functions of supervisory management?

- (a) Making detailed, short-range operational plans
- (b) Reviewing performance of subordinates
- (c) Making specific task assignments
- (d) Counseling subordinates on production, personnel or other problems
- (e) Maintaining close contact with employees involved.

253. Which stage of the creativity process links the unconscious state of mind with the conscious state?

- (a) Unconscious scanning
- (b) Intuition
- (c) Insight
- (d) Logical formulation
- (e) Decision.

254. Span of management includes

- I. Assigning equal number of subordinates to managers at the same level.
 - II. Assessing employee skill and motivation levels.
 - III. Determination of how many people working with each other report to a single manager.
 - IV. Determination of the number of individuals a manager can effectively supervise.
- (a) Only (II) above
 - (b) Only (IV) above
 - (c) Both (I) and (III) above
 - (d) Both (III) and (IV) above
 - (e) (I), (II) and (IV) above.

255. Management By Objectives (MBO) is a system for achieving organizational objectives, enhancement of employee commitment and participation. Which of the following is not an advantage of MBO?

- (a) Role clarity
- (b) Clarity in organizational action
- (c) Personnel satisfaction
- (d) Basis for organizational change
- (e) Flexibility.

256. Which of the following is the best explanation of why Japanese companies tend to make decisions by consensus?

- (a) It is a reflection of the larger societal cultural value on groups
- (b) It is more efficient and timely than any other method
- (c) It is a carryover from Post-World War II influences from Americans
- (d) The Japanese government mandates it
- (e) Japanese companies style differs from that of American's style.

257. Information provided by market intelligence agencies is part of which of the following types of information systems?

- (a) Management Information System
- (b) Decision Support System
- (c) Executive Support System
- (d) Transaction Processing System
- (e) Office Automation System.

258. Which of the following responsibility centers are also referred to as 'engineered expense centers?'

- (a) Discretionary expense centers
- (b) Standard cost centers
- (c) Profit centers
- (d) Revenues centers
- (e) Investment centers.

259. Lawrence is a new interviewer who just finished an interview with Pauline. Her professional style and her flawless grooming immediately struck him. Lawrence gave Pauline a very good evaluation although her previous work experience and educational background were not that exceptional. What rating error did Lawrence succumb to?

- (a) Halo effect
- (b) Rater prejudice
- (c) Shifting standards
- (d) Different Rater patterns
- (e) Stereotyping.

260. Which of the following statements is false concerning Vroom's expectancy theory?

- (a) It is based on self-interest where each employee seeks to maximize personal satisfaction
- (b) Managers' must understand which rewards employees will positively value
- (c) The employee must see the connection between performance and rewards
- (d) The theory is concerned with reality, not perceptions
- (e) There are two crucial linkages among effort-performance-reward in the theory.

Answers

251. Answer : (b)

Reason : The given example is that of an operational plan. Operational plans help in day-to-day functioning and are developed by lower level managers. They consider time-frames of less than a year.

252. Answer : (d)

Reason : Counseling subordinates on production, personnel or other problems is a function of middle level management. All other options are functions of supervisory level management.

253. Answer : (b)

Reason : The intuition stage of the creative process links the unconscious state of mind with the conscious state.

254. Answer : (d)

Reason : Span of management includes:

Statement (III) – Determination of how many people working with each other report to a single manager.

Statement (IV) – Determination of the number of individuals a manager can effectively supervise.

Hence, option (d) is the answer.

255. Answer : (e)

Reason : MBO helps in better managing the organizational resources and activities through clarity of objectives, role clarity, periodic feedback on performance, and participation by managers. It provides the key result areas (KRAs) where organizational efforts are needed, which leads to clarity in organizational action. Since MBO allows participation of employees in objective setting and a rational performance appraisal, it provides the greatest opportunity for personnel satisfaction. Also, MBO stimulates organizational change and provides a framework and guidelines for planned change, enabling the top management to initiate, plan, direct, and control the direction and Pace of change. However, MBO has some limitations also, which include inflexibility in the organization, particularly when the objectives need to be changed.

256. Answer : (a)

Reason: Japanese companies tend to make decisions by consensus because it is a reflection of the larger societal cultural value on groups.

257. Answer : (c)

Reason : An **executive support system (ESS)** supports effective functioning and decision-making at the top levels of an organization. An effective ESS provides intelligent information – market intelligence, investment intelligence, and technological intelligence.

A **management information system (MIS)** is a convergence of people, computer and communication technologies, and procedures designed to quickly provide relevant data or information, collected from both internal and external organization sources, for organization use.

A **decision support system (DSS)** is an interactive computer system that is easily accessible to and operated by people who are not computer specialists, who use the DSS to help them to plan and make decisions.

A **transaction processing system (TPS)** records and executes the routine, day-to-day transactions required to conduct an organization's business.

An **office automation system (OAS)** aims at facilitating communication and increasing the efficiency and productivity of managers and office workers through document and message processing.

258. Answer : (b)

Reason : Standard cost centers are also referred to as engineered expense centers.

259. Answer : (a)

Reason : Lawrence has succumbed to Halo error, which is a common tendency to rate subordinates high or low on all performance measures based on one of their characteristics where as in rater prejudice managers allow their personal biases to distort the rating they give to their subordinates. In shifting standards, managers rate each subordinate by different standards and expectations. In different rater patterns, managers differ in their rating styles. Some may rate harshly, others may rate easily. Whereas stereotyping is the process of categorizing or labeling people on the basis of a single attribute rating a person based on the characteristics of the group to which he or she belongs.

260. Answer : (d)

Reason : The theory is concerned with reality not perceptions is false with regard to Vroom's expectancy theory.

Vroom's expectancy theory is based on self-interest where each employee seeks to maximize personal satisfaction and holds that there are two crucial linkages among effort-performance-reward in this theory.

261. Mark's Embroidery produces custom-made embroidery products. One department sells to retail customers, another department sells to catalog customers and a third department sells only to college bookstores. Mark's Embroidery is departmentalized by

- (a) Product
- (b) Customer
- (c) Geographical location
- (d) Process
- (e) Function.

262. "When managers have substantial but not complete confidence and trust in subordinates and solicit advice from subordinates while retaining the right to make final decision", Likert's four systems of management describes it as

- (a) Participative leadership style
- (b) Benevolent-authoritative leadership style
- (c) Consultative leadership style
- (d) Exploitative-authoritative leadership style
- (e) Trait theory of leadership style.

263. Ravi, a new recruit in Solaris Systems, perceives that his outcomes (pay, perks etc.) are lower as compared to his inputs (qualifications, experience etc.) in relation to his colleagues. Which of the following theories of motivation explains this phenomenon?

- (a) Need hierarchy theory
- (b) Two-factor model
- (c) Equity theory
- (d) Expectancy theory

(e) ERG theory.

264. Which of the following statement(s) is/are true with respect to 'discretionary expense centers'?

I. The output of a discretionary expense center cannot be directly used to produce revenues.

II. Budgets for discretionary expense centers are developed only in terms of maximum resources that can be consumed by them in a particular period.

III. For assessing the budgetary performance, the expense constraints are established at the discretion of the manager.

(a) Only (I) above

(b) Only (III) above

(c) Both (I) and (II) above

(d) Both (II) and (III) above

(e) All (I), (II) and (III) above.

265. Quantitative techniques are very useful in making decisions under conditions of varying degrees of uncertainty. Torque Engineering Co. Ltd. faces the problem of allocating resources to its newly set up hydraulic pumps division. Which of the following decision-making techniques can help solve the problem?

(a) Linear programming

(b) Decision tree

(c) Simulation

(d) Waiting-line method

(e) Game theory.

266. Blake and Mouton's Managerial Grid is an approach to defining leadership styles based on a manager's concern for people and concern for production. Which of the following styles of management assumes that exertion of minimum effort to get required work done is appropriate to sustain organization membership?

(a) Authority-obedience management

(b) Team management

(c) Country Club management

(d) Impoverished management

(e) Organization-man management.

267. Which of the following refers to the process that helps new employees adapt to the organization's culture?

(a) Grapevine

(b) Orientation

(c) Socialization

(d) Introduction

(e) Training.

268. Adaptability is essential for present day organizations to survive. Which of the following are characteristics of adaptable organizations?

I. Employees are given more freedom in decision-making.

II. Management sets broad goals and objectives.

III. Accountability revolves around positions.

IV. Organizational learning is ongoing.

- (a) Both (I) and (III) above (b) Both (II) and (IV) above
(c) Both (III) and (IV) above (d) (I), (II) and (IV) above
(e) All (I), (II), (III) and (IV) above.

269. Ratio analysis is a performance evaluation technique that involves determining and evaluating financial ratios. In this regard, which of the following ratios measures a firm's financial risk?

- (a) Profitability (b) Liquidity
(c) Activity (d) Leverage
(e) Return on investment.

270. Which of the following is a measure of how appropriate organizational goals are and how well an organization is achieving those goals?

- (a) Competitor analysis (b) Environmental scanning
(c) Situational effectiveness (d) Organizational effectiveness
(e) SWOT analysis.

Answers

261. Answer : (b)

Reason : **Mark's Embroidery** is departmentalized by customer, i.e. to say customer divisions are divisions set up to service particular types of clients or customers. Under this method, activities are grouped according to the customers the organization serves and service to the customers is of top priority. (a) **Product divisions** are divisions created to concentrate on a single product or service of at least a relatively homogeneous set of products or services. (c) **Geographic divisions** are divisions designed to serve different geographic areas. Under this method, territory or location is taken as the basis for departmentation. (d) **Process divisions** are designed to departmentalize the activities through the different process which the organization follows. (e) In **Functional departmentation** activities are grouped according to their main functional or specialized area such as Production, Finance, Marketing, HR, etc.

262. Answer : (c)

Reason : When managers have substantial but not complete confidence and trust in subordinates and solicit advice from subordinates while retaining the right to make final decision, Likert's four systems of management describes it as consultative leadership style. (a) In Participative leadership style the manager has complete trust and confidence in the subordinates in all the matters. (b) In Benevolent leadership style the managers have a patronizing confidence and trust in subordinates, solicit some ideas and opinions from subordinates, motivate with rewards and some fear and punishment, permit some upward communication and allow some delegation of decision-making but with close policy control. (d) In exploitative-authoritative leadership style the managers represents doctoral leadership behavior with all decisions made by the manager. (e) Trait theory of leadership style assumes that leaders share certain inborn personality traits.

263. Answer : (c)

Reason : **J. S. Adam's equity theory** points out that people are motivated to maintain fair relationship between their performance and reward in comparison to others.

(a) Maslow's need hierarchy classifies human needs into five categories : physiological, safety, belongingness, esteem, and self-actualization needs and states that they follow an order. A satisfied need no longer motivates. (b) Herzberg's two-factor model distinguishes between motivators and hygiene factors. The presence of the former (motivators) causes satisfaction but their absence doesn't cause dissatisfaction. The absence of the latter (hygiene factors) causes dissatisfaction but their presence doesn't guarantee satisfaction.

(c) Victor Vroom's expectancy theory holds that people will be motivated to do things to achieve some goals to the extent that they expect that certain actions on their part will help them to achieve the goal.

(d) Alderfer's ERG theory categorizes human needs into three : existence, relatedness, and growth needs.

264. Answer : (e)

Reason : The following statements are true with respect to 'discretionary expense centers':

I. The output of a discretionary expense center cannot be directly used to produce revenues.

II. Budgets for discretionary expense centers are developed only in terms of maximum resources that can be consumed by them in a particular period.

III. For assessing the budgetary performance, the expense constraints are established at the discretion of the manager.

265. Answer : (a)

Reason : **Linear programming** is a mathematical technique used in optimum allocation of resources in the organization.

Decision tree is a graphical method for identifying alternative actions, estimating probabilities, and indicating the resulting expected pay-off.

Simulation is the technique of developing a model that represents a real or existing system for solving complex problems that cannot be readily solved by other techniques.

Waiting-line or queuing model is a mathematical model that describes the operating characteristics of queuing situations, in which service is provided to persons or units waiting in line.

Game theory is a technique for determining the strategy that is likely to produce maximum profits in a competitive situation.

266. Answer : (d)

Reason : Blake and Mouton's Managerial Grid is an approach to defining leadership styles based on a manager's concern for people and concern for production. Impoverished management assumes that exertion of minimum effort to get required work done is appropriate to sustain organization membership.

267. Answer : (c)

Reason: Socialization refers to the process that helps new employees adapt to the organization's culture.

268. Answer : (d)

Reason : The following are characteristics of adaptable organizations

- Employees are given more freedom in decision-making
- Management sets broad goals and objectives
- Organizational learning is ongoing
- Accountability revolves around projects and not positions

Hence, option (d) is the answer.

269. Answer : (d)

Reason : Leverage ratio's indicate the firms financial risk. (a) Profitability ratios provide a firms overall economic performance (b) Liquidity ratios measure a firm's capacity to meet its short-term financial obligations. (c) Activity ratios reflects a firm's efficiency in resource utilization.

270. Answer : (d)

Reason : Organizational effectiveness is a measure of how appropriate organizational goals are, and how well an.

271. In the area of diversity, establishing task forces or committees to explore issues and provide ideas, carefully choosing work assignments to support the career development of all employees, and evaluating the extent to which diversity goals are being achieved would most likely be classified under which of the following managerial roles?

- (a) Planning (b) Staffing (c) Leading (d) Organizing (e) Controlling.

272. In recent years, research has proved that culture has a tremendous impact on management practices. Which of the following is not a characteristic of Organizational Culture?

- (a) It may vary in strength (b) It is indistinct in nature
(c) It is based on certain norms (d) It promotes dominant and stable values
(e) It shapes philosophy and rules.

273. Organizations that have divisional structure but do not treat the divisions as autonomous businesses, so that they can have control over both the revenues and expenses, may opt to set up

- (a) Standard Cost Centers (b) Revenue Centers (c) Profit Centers
(d) Investment Centers (e) Distribution Centers.

274. The authority given by an organization to a member holding a position is referred to as

- (a) Legitimate power (b) Coercive power (c) Expert power
(d) Referent power (e) Reward power.

275. A purchasing department may be created because the hospital administrator cannot effectively handle all purchasing. The purchasing department would evaluate the vendors and suggest the appropriate ones for purchasing the materials. What type of position authority has been created?

- (a) Accountability (b) Line authority (c) Staff authority
(d) Responsibility (e) Expert power.

276. Different behavioural scientists have developed different theories on motivation. One such behavioural scientist by the name of Herzberg gave the two-factor theory of motivation. Which of the following four responses are considered as Herzberg's hygiene factors?

- (a) Personal life, security, salary and recognition
(b) Advancement, salary, status, company policy
(c) Relationship with peers, status, supervision and security
(d) Working conditions, relationship with subordinates, supervision and work itself
(e) Responsibility, salary, status, company policy.

277. Lyman W. Porter and Edward E. Lawler III developed the expanded expectancy theory model. Which of the following is not true with regard to the Porter and Lawler model of motivation?

- (a) It is built on Vroom's expectancy theory
(b) It means motivation is not a simple cause-and-effect matter
(c) It assumes that satisfaction leads to performance
(d) It emphasizes reward structure
(e) It assumes that performance leads to intrinsic as well as extrinsic rewards.

278. The four phases of Creative process are

- I. Logical formulation. II. Intuition.
III. Unconscious scanning. IV. Insight.

The order in which the process takes place is

- (a) (I), (II), (III) and (IV) (b) (II), (III), (IV) and (I)
(c) (III), (II), (IV) and (I) (d) (IV), (I), (III) and (II)
(e) (III), (I), (IV) and (II).

279. One of the most popular explanations of human motivations was developed by the psychologist, Abraham Maslow, and popularized during the early 1960s. According to Maslow, an employee who has a need for more self-respect, has unmet

- (a) Esteem needs (b) Physiological needs (c) Safety needs
(d) Social needs (e) Self-actualization needs.

280. According to the Tannenbaum and Schmidt Leadership model, which of the following would be most accurate regarding someone exhibiting behavior toward right of the continuum of leader behaviours?

- (a) He would be a boss-centered leader
- (b) He would be more likely to ask the group to make a decision
- (c) He would be more autocratic
- (d) He would be more likely to "sell" the decision
- (e) He would present ideas and invite questions.

Answers

271. Answer : (d)

Reason : L.A. Allen defined organizing as "the process of identifying and grouping the work to be performed, defining and delegating responsibility and authority, and establishing relationships for the purpose of enabling people to work most effectively together in accomplishing objectives".

In the area of diversity, organizing involves establishing task forces or committees to explore issues and provide ideas, carefully choosing work assignments to support the career development of all employees, and evaluating the extent to which diversity goals are being achieved.

Hence, from above discussion, we can infer that option (d) is correct.

272. Answer : (b)

Reason : Organizational Culture is the collection of shared beliefs, values, rituals, stories, myths and specialized language that foster a feeling of community among organization members.

It is distinctive in nature, as each organization has its own management philosophy, mission and objectives etc.

Hence from above discussion, we can infer that option (b) is not a characteristic of Organizational Culture.

Options (a), (c), (d) and (e) are all characteristics of Organizational Culture.

273. Answer : (c)

Reason : Organizations that have divisional structure but do not treat the divisions as autonomous businesses, so that they can have control over both the revenues and expenses, may opt to set up Profit Centers. When Organizations treat the divisions as autonomous businesses they may opt to set up Investment Centers.

274. Answer : (a)

Reason : The authority given by an organization to a member holding a position is referred to as Legitimate power.

275. Answer : (c)

Reason : Staff authority is created when a purchasing department is created because the hospital administrator cannot effectively handle all purchasing.

276. Answer : (c)

Reason : According to Herzberg's motivation-hygiene theory, relationship with peers, status, supervision and security are the four responses, that are all hygiene factors.

Hence, from above discussion, we can infer that option (c) is correct.

277. Answer : (c)

Reason : The Porter-Lawler model of motivation, which is an improvement of the expectancy theory, assumes that motivation does not equal satisfaction. It assumes satisfaction does not lead to performance. Rather, the converse is true: performance can, but does not always, lead to satisfaction through the reward process. It assumes that motivation is not a simple cause-and-effect matter. The model advocates that managers carefully assess their reward structures and also assumes that performance leads to intrinsic as well as extrinsic rewards.

278. Answer : (c)

Reason : Creative process is rarely simple and linear and usually comprises four overlapping and interacting phases. Phase (I): Unconscious scanning, Phase (II): Intuition, Phase III: Insight and Phase (IV): Logical formulation.

279. Answer : (a)

Reason : According to Maslow, an employee who has a need for more self-respect, has unmet Esteem needs.

Hence from above discussion, we can infer that option (a) is correct.

280. Answer : (b)

Reason : According to the Tannenbaum and Schmidt Leadership model, the statement that would be most accurate regarding someone exhibiting behavior toward right of the continuum of leader behaviours is option (b), i.e., He would be more likely to ask the group to make a decision.

281. Using a method called structured observation, Mintzberg isolated ten roles which he believed were common to all managers. According to him, maintaining self-developed networks of outside contacts and informers who provide favours and information can be best described as

- (a) The disseminator role (b) The liaison role (c) The monitor role
- (d) The entrepreneur role (e) The leader role.

282. The managers at the different managerial levels require different kinds of skills to perform the functions associated with their jobs. The major difference in skill requirements between middle and top managers is that

- (a) Top managers must generally be more skilled than middle managers in every respect
- (b) Top managers require better interpersonal skills but less conceptual skills than middle managers

- (c) Top managers generally require better technical and interpersonal skills than middle managers
- (d) Top managers generally require higher level conceptual skills but less technical skills than middle managers
- (e) Middle managers require better technical and conceptual skills than top managers.

283. The term 'ethics' commonly refers to the rules or principles that define right and wrong conduct. Managers making ethical decisions may belong to any of the three levels of Moral Development, each composed of two stages. The Pre-conventional Level of Moral Development is concerned with which of the following stages?

- (a) Following rules only when it's of interest
- (b) Living up to the expectations of people close to managers
- (c) Maintaining conventional order by fulfilling obligations which managers have agreed to
- (d) Valuing rights of others, and upholding non-relative values and rights, regardless of the majority's opinion
- (e) Following self-chosen ethical principles even if they violate the law.

284. According to the Scientific Management School of Thought, which of the following is defined as the systematic, objective and critical examination of all the factors governing the operational efficiency of a specified activity to bring about improvement?

- (a) Work Methods Study
- (b) Micromotion Study
- (c) Time Study
- (d) Motion Study
- (e) Performance Study.

285. Max Weber, a German contemporary of Henri Fayol, coined the term "bureaucracy", based on the German word "buro" meaning office, to identify large organizations that operated on a rational basis. All of the following are characteristics of bureaucracy except

- (a) Centralized authority
- (b) Formalized rules and regulations
- (c) Standardized operating tasks
- (d) Wide spans of control
- (e) Multiple hierarchical levels.

286. Planning is the first function of management and can be defined as the process by which managers set missions and objectives, assess the future and develop courses of action to accomplish these objectives. However, there is no shortage of myths and misconceptions about planning. Which of the following statements is a common misconception about planning?

- (a) The end result of planning is only one of its purposes
- (b) Planning cannot eliminate change
- (c) Planning that proves inaccurate is a waste of management's time
- (d) The process of planning can, in itself, be valuable even if the results are inaccurate
- (e) Planning is only a constraint if management stops planning after doing it once.

287. Problems are encountered at all levels in an organization, and managers at various levels have to solve them or manage them in the best possible way. Which of the following is a series of interrelated sequential steps that can be used to respond to a well-structured problem?

- (a) Rule (b) Policy (c) Budget (d) Procedure (e) Norm.

288. Assume that you have recently been assigned to a committee that is given the responsibility to review and institute a process for employees to use when requesting upgrades in computer equipment. Which type of objectives would you most likely be developing?

- (a) Intermediate-term objectives (b) Long-term objectives
(c) Short-term objectives (d) Organizational objectives
(e) Division objectives.

289. Raj, Ramesh and Rajesh are all making decisions about how to approach the team project. They have only one week to write a 75-page analysis of the government's suit against Microsoft. In addition, they all work full-time. Which decision-making model will they probably rely on?

- (a) Rational (b) Break-even analysis (c) Intuition
(d) Bounded rationality (e) Garbage-can.

290. Keith Davis and William C. Frederick have worked on the concept of social responsiveness. According to them the social responsiveness of an organization can be measured on the basis of which of the following criteria?

- (a) Contributions to profit-oriented projects
(b) Fair treatment of employees; fair pay and safe working conditions
(c) Unequal employment opportunity
(d) Unsafe and poor quality products to customers
(e) Disregard to environment pollution.

Answers

281. Answer : (b)

Reason : The three general types of managerial roles identified by Mintzberg are: interpersonal, informational and decisional roles. According to him maintaining self-developed networks of outside contacts and informers who provide favours and information can be best described as liaison role.

282. Answer : (d)

Reason : The major difference in skill requirements between middle and top managers is that top managers generally require higher level conceptual skills but less technical skills than middle managers.

Hence, from above discussion, we can infer that option (d) is correct.

283. Answer : (a)

Reason : Pre-conventional Level of Moral Development is influenced exclusively by personal interest. It is concerned with following rules only when it's of interest.

Hence from above discussion, we can infer that option (a) is correct.

284. Answer : (a)

Reason : According to the Scientific Management School of Thought, Work Methods Study is defined as the systematic, objective and critical examination of all the factors governing the operational efficiency of a specified activity to bring about improvement.

Hence, from above discussion, we can infer that option (a) is correct.

285. Answer : (d)

Reason : A bureaucracy is a highly structured, formalized and impersonal organization. It has narrow spans of control, as there are multiple hierarchical levels.

Hence, from above discussion, we can infer that option (d) is not a characteristic of bureaucracy.

Options (a), (b), (c) and (e) are all characteristic of bureaucracy.

286. Answer : (c)

Reason : Planning is defined as the process by which managers set missions and objectives, assess the future and develop courses of action to accomplish these objectives.

Management that does a good job of planning will have direction and purpose, and planning is likely to minimize wasted effort. All of these can occur, even if the objectives being sought are missed.

Hence, from above discussion, we can infer that option (c) is a common misconception about planning.

287. Answer : (d)

Reason : A procedure is a series of interrelated sequential steps that can be used to respond to a well-structured problem. (a) Rules are statements of actions that must be taken or not taken in a given situation. (b) A policy is defined as a general guideline for taking an action. (c) A budget is a statement that outlines the expected results of a given future period in numerical terms. (e) Norms are standards set by a group that regulate and foster uniformity in member behaviors

288. Answer : (c)

Reason : An objective is the aim of an action. It implies a specific work to be accomplished within a given period of time.

Short-term objective is developed to accomplish a work in a very short period of time.

Hence, from above discussion, we can infer that option (c) is correct.

289. Answer : (d)

Reason : Raj, Ramesh and Rajesh are all making decisions about how to approach the team project and they will probably rely on Bounded rationality, which is defined as a concept that suggests that the ability of managers to be perfectly rational in making decisions is limited by such factors as cognitive capacity and time constraints. (a) In rational decision-making, managers possess and understand all the information that is relevant to their decisions at the time they make them. (b) Break-even analysis is a measure by which the level of sales, which is necessary to cover all fixed costs, can be determined. (c) Intuition is "direct perception of truth, fact, etc., independent of any reasoning process; immediate apprehension." (e) Garbage-can model is a non-rational model of managerial decision-making stating that managers behave in virtually a random pattern in making nonprogrammed decisions.

290. Answer : (b)

Reason : The social responsiveness of an organization can be measured on the basis of fair treatment of employees; fair pay and safe working conditions.

Hence from above discussion, we can infer that option (b) is correct.

291. Which of the following leadership styles is appropriate for a new entrant into an organization who is unable to solve task-related problems independently?

- (a) High-task/low-relationship
- (b) High-task/high-relationship
- (c) Low task/high-relationship
- (d) Low-task/low-relationship
- (e) High-task/no-relationship.

292. A well-known approach to defining leadership styles is the managerial grid, developed by Robert Blake and Jane Srygley Mouton. According to Blake and Mouton's managerial grid, which of the following managerial styles is also known as 'organization-man-management'?

- (a) Impoverished management
- (b) Middle-of-the-road management
- (c) Country club management
- (d) Team management
- (e) Authority-obedience management.

293. A message that is generated by the receiver in response to the sender's original message is known as feedback. It is a very important component of the communication process. Feedback returns the message to the sender and provides a check on

- (a) How well the receiver is doing
- (b) How well the sender is doing
- (c) Whether understanding has been achieved
- (d) What the sender should do the next time a message is sent
- (e) The ability of the receiver to perform the task.

294. There can be various types of controls in an organization. Which of the following is a self-regulating control system that once put into operation, can automatically monitor the situation?

- (a) Strategic control system
- (b) Tactical control system

- (c) Operational control system (d) Cybernetic control system
- (e) Non-cybernetic control system.

295. Ratio is an index that measures one variable relative to another and is generally expressed as a percentage or a rate. The ratio that tests how leveraged an organisation is, may be referred to as

- (a) Current ratio (b) Return-on-investment
- (c) Debt ratio (d) Net profit margin
- (e) Inventory turnover ratio.

296. Which of the following statement(s) about revenue centers is/are true?

- I. Sales and marketing departments are examples of revenue centers.
- II. In revenue centers, outputs are measured in monetary terms and directly compared with input costs.
- III. A revenue center cannot be responsible for changes in profit levels.
- (a) Only (II) above (b) Only (III) above
- (c) Both (I) and (II) above (d) Both (I) and (III) above
- (e) All (I), (II) and (III) above.

297. Capacity decisions are one of the key decisions included in an operations management program. Which of the following would most likely happen if a company was operating with insufficient capacity?

- (a) The company would have generally low production costs
- (b) The company would be able to minimize operating costs
- (c) The company would have a loss of sales and lower profits
- (d) The company would be able to maximize profits
- (e) The company would be able to gain market share.

298. Which of the following controls is based on the idea that most of the negative deviations from standards can be overcome by applying the fundamentals of management?

- (a) Preventive control (b) Cybernetic control
- (c) Direct control (d) Steering control
- (e) Yes-no control.

299. Information is one of the important resources for managers. For information to be useful to managers, it must possess certain attributes. The information attribute which is prepared or presented to users often enough to be up-to-date is known as

- (a) Information accuracy (b) Information timeliness
- (c) Information relevance (d) Information completeness

(e) Information frequency.

300. Firms with international business have several advantages over firms that operate only within the home country. Which of the following is not an advantage to a multinational corporation (MNC)?

- (a) Business opportunity in various countries and ability to raise funds for their operations throughout the world
- (b) Ability to establish production facilities in countries where their products can be produced most efficiently, effectively and economically
- (c) Access to natural resources and materials that may not be available to domestic firms
- (d) Recruitment from a worldwide labor pool enables MNCs to select the most suitable candidates for filling key positions in their firms
- (e) Developing countries have become more adept in international negotiations and have become aware of their resources.

Answers

291. Answer : (a)

Reason : A high-task/low-relationships is appropriate for a new entrant into an organization who is unable to solve task-related problems independently.

292. Answer: (b)

Reason : Leadership style (5,5) is known as 'organization-man-management' or 'middle-of-the-road management.' In this style managers show a moderate amount of concern for both people and production and have difficulty in bringing about innovation and change.

293. Answer : (c)

Reason : Feedback returns the message to the sender and provides a check on whether understanding has been achieved.

Hence, option (c) is correct.

294. Answer : (d)

Reason: Cybernetic control system is a self-regulating control system that once put into operation, can automatically monitor the situation. All other control systems may rely on human discretion. So, (d) is the correct answer.

295. Answer : (c)

Reason : Debt ratio measures the percentage of total assets financed by debt (including current liabilities). So, it tests how leveraged an organisation is.

Hence, option (c) is correct.

296. Answer : (d)

Reason : The following statements about revenue centers are true:

I. Sales and marketing departments are examples of revenue centers.

III. A revenue center cannot be responsible for changes in profit levels.

Statement (II) is not true because in revenue centers, outputs are measured in monetary terms but are not directly compared with input costs. Hence, option (d) is the answer.

297. Answer : (c)

Reason : The event that would be most likely to happen if a company was operating with insufficient capacity is that the company would have a loss of sales and lower profits.

Hence, option (c) is correct.

298. Answer : (a)

Reason : Preventive control is based on the idea that most of the negative deviations from standards can be overcome by applying the fundamentals of management.

299. Answer : (e)

Reason : The information attribute which is prepared or presented to users often enough to be up-to-date is known as information frequency.

300. Answer : (e)

Reason : Developing countries have become more adept in international negotiations and have become aware of their resources is not an advantage to a multinational corporation, instead is a challenge for them.

PRACTICE SETS

1. Management means forecasting, planning, organizing, directing, coordinating and controlling. Who said this

- | | |
|--------------------|----------------|
| a. Peter F Drucker | b. Henry Fayol |
| c. Perkins | d. F W Taylor |

2. Management is an art of getting work done by others. The statements belongs to

- | | |
|------------------|--------------------|
| a. Stanley Vense | b. Peter F Drucker |
| c. Henry fayol | d. Harold koontz |

3. Management is pervasive in the sense that

- | | |
|---|--------------------------------------|
| a. it fulfils all purposes | b. it uses all resources effectively |
| c. it is relevant for all organizations | d. all of the above |

4. _____ can remove all the problems and can run the business on the right track

- | | |
|-------------------|-----------------|
| a. staffing | b. management |
| c. administration | d. coordination |

5. Which of the following statement is incorrect?

- Taylor disapproved the feeling of high handedness on the part of management
- mental revolution in scientific management means total change in the attitudes of workers only
- mental revolution is the basis of scientific management propounded by Taylor
- none of the above

6. Which of the following statements are true?

- management is a thinking function of top level management.

2. management does not ensure utilization of available resources to achieve some objectives

3. management means managing men tactfully to get things done.

Codes

a. 1 2

b. 3

c. 1 3

d. none of these

7. which of the following statements are true about Indian managers?

a. many Indian top managements are relatively authoritarian in their relationship with lower management and with labour.

b. Prevalence of low degree of control

c. Management have faith in capacity of workers for taking initiative.

d. None of the above

8. the fundamental components of management does not include

a. Planning

b. organization

c. motivation

d. budgeting

9. Management seeks to achieve which of the following results?

1. profits

2. service

3. Style

4. Dynamism

5. Skills

Select the correct answer using the codes given below:

a. 1 3

b. 1

c. 1 2

d. all of the above

10. Which of the following statements are correct?

a. management cannot enervate a favorable working environment

b. An ideal management takes the right decisions on all matters at the right time

c. Management activities need not to be result oriented

d. None of the above

11. Principle of management which implies that there should be 'One Head and one Plan' for a group of activities having the same objective is

a. unity of direction

b. authority and responsibility

c. unity of command

d. none of the above

12. Mohan, a manager expects his colleagues to get work out of subordinates without giving them any powers. Here, principle of Management over looked is

a. unity of command

b. discipline

c. order and equity

d. authority and responsibility

13. Which of the following statement is not true?

a. The principle of fair remuneration insists on adequate salary to employees

b. The principle of management establish a relationship between cause and effect.

c. Management principles are developed overnight

d. None of the above

14. When the tools and raw materials are not found at the right place in the company, management principle violated is

a. scalar chain

b. order

c. authority and responsibility

d. equity

15. Unity of objectives' principle states that there should be

a. only one objective

b. predetermined objectives

c. coordination among objectives

d. none of the above

16. Consider the following statements.

1. Management principles are a set of rigid prescription on how to manage.

2. The principles of management establish a relationship between cause and effect.

3. Management principles are not used as basis for management training, education and research.

Which of the statements given above is correct?

a. 1 2

b. 3

c. 1

d. 2

17. Which of the following statements are incorrect?

a. the principle of fair remuneration insists on adequate salary to employees

- b. management principles are static or obsolete in nature.
- c. management principles trained the managers to adopt the changes in technology in right direction
- d. all of the above

18. Which of the following statement is true>

- a. order principle unifies the efforts of all the employees in common direction
- b. management principle provide useful insights to managers
- c. management principles provide readymade solution to all managerial problems
- d. all of the above

19. consider the following statements.

- 1. Fayol believed that a single foreman is not competent to supervise all functional matters.
- 2. Ghang boss helps in making arrangement of machines, materials etc. for the jobs
- 3. Talyors principles are based on observation and experimentation

Which of the statement given above is correct?

- a. 1 b. 3 c. 2 3 d. 1 3

20. Consider the following statements.

- 1. Taylor advocated unity of command so that each worker gets order from one boss only.
- 2. Taylor put his ideas through scientific management.
- 3. Taylors principles have universal application.

Which of the statement given above are correct?

- a. 2 b. 1 c. 1 2 d. none of the above

21. Which of the following is not a part of scientific management?

- 1. Harmony not discord
- 2. cooperation not individualism
- 3. subordination of individual interest to general interest
- 4. science not rule of thumb

Select the correct answer using the codes given below

- a. 3 b. 1 2 c. 4 d. all of the above

22. Which of the following statement is correct?

- 1. Principles of scientific management are related to factory area.
- 2. General principles of management are applied universally
- 3. Fayol principles are scientific in nature
- 4. Gang plank is an excretion of scalar chain

Codes

- a. 1 2 b. 1 2 4 c. 1 3 4 d. 3 4

23. Consider the following statements

- 1. Management is a science because it uses certain principles
- 2. Management is an art as it is based on practice and creativity
- 3. Management can be accepted as a profession as it is a well-defined body of knowledge of these statements.

Which of the statements given above is correct?

- a. 1 2 b. 2 c. 3 d. all of the above

24. A sales person is asked to finalize a deal with a customer. The marketing manager allow him to give a discount of up to 10% but the finance manager allows him to give discount of up to 25%. Which principles violated here management is?

- a. unity of direction b. unity of command
- c. initiative d. none of these

25. The Production manager of an automobile company asked a foreman to achieve a target production of 200 units per day. But, he did not give him the authority to requisition tools and materials from the stores department. Principle relating to the situation is

- a. scalar chain b. discipline c. equity d. authority and responsibility

26. Which of the following states the nature of management principles?

1. universality 2. Evaluative 3. Dynamic 4. Alternative 5. Relative

Select the correct answer using the codes given below

- a. 1 2 3 b. 2 4 c. 1 4 d. 1 5

27. Which of the following statements is correct?

- a. principles of management are broad and general guidelines for managerial decision making and behavior.
b. techniques of management are something which are acceptable or desirable
c. a person can perform managerial functions effectively without proper understanding of principles
d. none of the above

28. All managerial function are settled by managers with the tool of

- a. planning b. decision making c. effective control d. authority

29. Decision which can be changed or totally revoked are called

- a. irreversible b. trial and error c. experimental d. reversible

30. The function of attracting, acquiring, retaining and developing human resources in an organization is called

- a. recruitment b. induction c. training & development d. staffing

31. Techniques of managerial control are useful in

- a. selection of plant location b. identifying appropriate technology
c. profit planning d. conducting shareholders meeting

32. The number of subordinates who report directly to a manager is called that managers

- a. work team b. informal organization structure
c. formal authority d. span of control

33. _____ spans of management control create _____ structure with many levels of management.

- a. wide, tall b. wide, unpredictable
c. narrow, tall d. narrow, flat

34. To prepare plans regarding the work is performed by

- a. lower level management b. board of directors
c. middle level management d. all of the above

35. Arrange the following functions of a manager in an organization in correct sequence.

1. motivation 2. Controlling 3. Organizing 4. Planning
Codes
a. 3 4 1 2 b. 3 4 2 1 c. 4 3 1 2 d. 4 3 2 1

36. Consider the following statements.

1. Planning is the primary function of management.
2. Efficiencies means doing the right task, completing activities and achieving goals.
3. Management is not universally necessary in all organization.

Which of the statement given above is

Codes.

- a. 1 b. 2 c. 1 2 d. none of the above

37. Which of the management functions are closely related

- a. planning and organization b. staffing and control
c. planning and control d. planning and staffing

38. Which of the following is not an element of delegation?

- a. accountability b. authority
c. responsibility c. information organization

39. Which of the following statements is correct?

- a. directing converts plans into performance

- b. planning is the process or pre-requisite for controlling
- c. staffing is the basis of thinking before doing
- d. none of the above

40. Which of the following statements are incorrect?

- a. planning is a trap to capture the future
- b. finding the right people for the right job is known as organizing
- c. teamwork divides the task and double the success
- d. none of the above

41. Consider the following statements

1. organizing ensures resource optimization
 2. organizing is an important means of communication
 3. organizing does not creates transparency
 4. organizing establish coordination between different departments of an organization
- Which of the statements given above is correct?

- a. 1 2 4
- b. 3 2 4
- c. 2 4
- d. none of the above

42. what is not an advantage of hierarchical structure?

- a. clear chain of command
- b. quick response to change
- c. discipline and stability
- d. small span of control

43. Which of the following statements is incorrect about span of control?

- a. it creates disputes between superior and subordinates
- b. it increased managerial effectiveness
- c. it enhances morale of the staff
- d. it accomplish a good communication

44. Which of the following factors does not affect span of control?

- a. level of management
- b. physical structure of organization
- c. nature of work
- d. degree of centralization

45. An electronic company is facing a problem of declining market share due to increased competition from other new and existing players in the market. Its competitors are introducing lower price models for mass costumers who are price sensitive. For quality conscious consumers, company is introducing new model with added features and new technological advancements. The type of plan needed to be prepared under this situation is

- a. strategy
- b. policies
- c. objectives
- d. rules

46. Planning of the organization with suitable personal is known as

- a. organizing function
- b. coordinating function
- c. directing function
- d. staffing function

47. A process of evaluating results against predetermined standards and correcting the deviation is known as

- a. directing
- b. coordinating
- c. controlling
- d. planning

48. Which of the following is not an element of planning?

- a. programmer
- b. procedure
- c. policy
- d. information

49. Which of the following is not a technique of control?

- a. budget
- b. disciplinary action
- c. policy
- d. praise

50. An adequate control system does not need

- a. flexibility
- b. reporting deviations expeditiously
- c. reflected organization pattern
- d. variability in directing

51. Which point is irrelevant while imposing strategic control system?

- a. comprehensive coverage
- b. balanced performance
- c. delegation of authority
- d. timeliness

52. control denotes

- a. Measurement of performance in accordance with objectives
- b. disciplinary action against employees
- c. curtailment in undesirable activities
- d. curtailment in expense

Directions (Q. Nos 53 – 65) In the questions given below are two statements labelled as Assertion and Reason. In the context of the two statements, which one of the following is correct?

Codes

- a. Both A and R are correct and R is the correct explanation of A
- b. Both A and R are incorrect but R is not the correct explanation of A
- c. A is correct but R is incorrect
- d. A is incorrect but R is correct

53. Assertion The span of management at the upper level is generally narrow while at lower level span is wide.

Reason The tasks allocated to subordinates at the lower level of management are more specific and thus making supervision easy and simple.

54. Assertion Management ensures maximum production at minimum cost.

Reason Management eliminates wastes as far as practicable.

55. Assertion Management is dynamic function which is to be performed continuously

Reason Policies and procedures of management are quickly changed to cope with the changing business environment.

56. Assertion Planning is required at all level of management as well as in all departments.

Reason Planning is not a mental exercise.

57. Assertion Authoritative style of decision making comes from the top

Reason It is a joint collaboration of the leader and his subordinates.

58. Assertion Decision making is a fundamental element of the managerial process

Reason Irreversible decisions can be undone or changed.

59. Assertion Management is not a decision making functions.

Reason All managerial functions are settled by managers with the tool of decision making.

60. Assertion Controlling is based on the factors, which are prevailing in the organization.

Reason Controlling has nothing to do with external factors which are equally important.

61. Assertion Proper staffing helps in obtaining competent personnel for various jobs.

Reason Machineries and human resources are the principal assets of any organization.

62. Assertion Staffing avoids incorrect actions and reduces frequency of failures

Reason Staffing improves job satisfaction.

63. Assertion Creation of jobs and departments is the third step in the process of organizing.

Reason Various jobs created are classified into specified categories.

64. Assertion Induction is concerned with the process of introducing a new employee to the organization.

Reason Induction ensure right person doing the right job.

65. Assertion CPM provides the framework for treating a wide range of project management problems.

Reason CPM is applied in those projects where activity timings are well known.

66. Assertion Management principles increase managerial efficiency.

Reason Management principles provide useful insights of managers

Codes

- a. R is correct but A is not correct
- b. A is correct but R is not correct
- c. both A and R are correct
- d. both A and R are not correct

67. Assertion Management principles are not developed overnight.

Reason Principles are derived on the basis of observation and analysis of events which managers face in actual practice.

Codes

- a. R is correct but A is not correct
c. both A and R are correct

- b. A is correct but R is not correct.
d. both A and R are not correct

68. Match the following

List-I	List-II
a. Authoritative, participative	1. types of managers
b. classic, transformational	2. objectives of management
c. board of directors, foremen	3. types of decisions
d. organizational, social	4. levels of management

Codes

	A	B	C	D
a.	4	3	2	1
b.	3	4	1	2
c.	3	1	4	2
d.	2	1	4	3

69. Match the following

List-I	List-II
a. classic style (laissez faire)	1. require a strong vision or an inspirational leader
b. autocratic leadership	2. does not well in all situations
c. transactional leadership	3. exerts complete control over the employees
d. transformational leadership	4. preferred for those employees who require less supervision

Codes

	A	B	C	D
a.	2	3	4	1
b.	4	2	1	3
c.	4	3	2	1
d.	1	2	3	4

70. Match the following

List-I	List-II
a. Top level management	1. collecting reports and forwarding them to top management
b. middle level management	2. represent workers grievances before management
c. lower level management	3. assembling the required resources
d. supervisory management	4. maintain discipline among the workers

Codes

	A	B	C	D
a.	4	3	2	1
b.	3	2	1	4
c.	2	1	4	3
d.	3	1	2	4

71. Match the following

List-I	List-II
a. Experimental decisions	1. Pass off the responsibility for the decision to subordinate or subordinates
b. trial and error decisions	2. first phase of the facilitative style, with the

	authoritative style coming in at the end
c. delegate decisions	3. cannot be finalized until the result of the preliminary data are in systematic manner
d. consultative decisions	4. the knowledge gained from mistakes is used to fine tune the proper course

Codes

	A	B	C	D
a.	4	3	1	2
b.	4	3	2	1
c.	3	1	4	2
d.	3	4	1	2

72. Match the following

List-I	List-II
a. contingent	1. management principles enable a better understanding of the relationship between human and material resources
b. universal applicability	2. management principles are applicable to all types of organization
c. establish cause and effect relationship	3. management principles are not static or absolute in nature
d. behavioral	4. tell the managers if a particular principle is applied in a particular situation, what may be its likely effect

Codes

	A	B	C	D
a.	3	2	4	1
b.	4	1	2	3
c.	3	4	2	1
d.	4	3	2	1

73. Match the following

List-I	List-II
a. unity of command	1. the mission of a company is to provide quality goods at affordable prices of consumers. This should serve as a direction for all the departments
b. remuneration of personnel	2. a worker is asked by the foreman to increase quantity but marketing management wants to improve quality
c. unity of direction	3. a worker is asked to work extra time after his days work. He must be given adequate wages for the extra time
d. division of work	4. publication of a book involves several operations which should be performed by different persons.

Codes

	A	B	C	D
a.	4	3	2	1
b.	3	4	1	2
c.	2	3	1	4
d.	2	3	4	1

74. Match the following

List-I	List-II
a. science not rule of thumb	1. management should decide the method of work, working conditions etc. instead of leaving these to the discretion of workers.
b. Harmony, not discord	2. Enabled the management to innovate the best

	method of doing work, specific work standards and to provide the necessary incentives for motivation.
c. cooperation and individualism	3. management and workers must develop positive thinking for each other and work with harmony
d. equal division of responsibility	4. this principle is an extension of principle of harmony and discord.

Codes

	A	B	C	D
a.	2	3	4	1
b.	4	3	2	1
c.	3	4	1	2
d.	3	2	4	1

75. Match the following

List-I	List-II
a. science not rule of thumb	1. both workers and managers should realize that they need each other and there should be equal division of work and responsibility between workers and management
b. harmony and discord	2. both the management and the workers should try to achieve maximum output in place of restricted output
c. cooperation not individualism	3. highlights the need for mutual cooperation and humongous relationship between workers and management
d. maximum not restricted output	4. also known as trial and error method is the established norm for guidance

Codes

	A	B	C	D
a.	3	4	1	2
b.	4	3	1	2
c.	4	1	2	3
d.	4	3	2	1

76. Match the following

List-I	List-II
a. centralization	1. right to give orders to the subordinates
b. scalar chain	2. concentration of authority at one place or at one level in the organization
c. esprit de corps	3. the chain of superiors ranging from the chief executive or ultimate authority to the lowest level in the organization
d. authority	4. the spirit of loyalty and devotion which unites the members of the group

Codes

	A	B	C	D
a.	2	3	4	1
b.	3	4	2	1
c.	4	3	1	2
d.	2	4	1	3

ANSWER KEYS

1=B	2=D	3=C	4=B	5=B	6=B	7=A	8=D	9=B	10=B
11=A	12=D	13=C	14=B	15=A	16=D	17=B	18=B	19=C	20=A

21=A	22=B	23=D	24=B	25=D	26=A	27=A	28=B	29=D	30=D
31=B	32=D	33=A	34=A	35=D	36=A	37=C	38=D	39=C	40=B
41=A	42=B	43=A	44=B	45=A	46=D	47=C	48=D	49=D	50=A
51=D	52=D	53=D	54=A	55=A	56=C	57=C	58=C	59=D	60=A
61=C	62=D	63=C	64=C	65=D	66=C	67=B	68=C	69=C	70=D
71=D	72=A	73=C	74=A	75=A	76=D				

PRACTICE SETS

1. Authority is of _____ type

- a. legal authority
- b. chromatic authority
- c. traditional authority
- d. all of the above

2. Leadership is the activity of influencing people to strive willingly for group objectives. This statement is given by

- a. George R Terry
- b. Harris Thomas A
- c. Davis. Keith
- d. rensis likert

3. theory X includes

- a. the average human being prefers to be directed, wishes to avoid responsibility and has relatively little ambition and above all, desires security
- b. Human beings are inherently lazy and will shun work and therefore must be coerced.
- c. Represents the traditional view of direction and control
- d. all of the above

4. Theory Y includes

- a. in general, for most people, the excuse of physical and mental effort in work and play is as natural in play or rest.
- b. man will exercise self control in those spheres where the objectives tally with his own
- c. the capacity for developing and utilizing their capacities, knowledge and skill does exist in people.
- d. all of the above

5. Motivation includes

- a. job enrichment
- b. job rotation
- c. job enlargement
- d. all of these

6. In the implications of the Hawthorne studies, which of the following reasons are given by the workers?

- a. earning
- b. type of supervision
- c. small group
- d. all of these

7. Herzberg's factors includes

- a. possibility of growth
- b. status

- c. advancement and recognition d. all of the above
8. In Vroom's Expectancy theory, Valance means
- a. strength of an individual's preference for a particular outcome b. salary
- c. supervision d. knowledge of planning
9. In Vroom's expectancy theory, Expectancy indicates
- a. probability of achieving that outcome b. advancement
- c. award d. accounting
10. classical theory of organization includes
- a. Delegation of authority b. order
- c. work division and specification d. all of the above
11. Neo-classical theory of organization consists
- a. Decentralization b. non-formal organization
- c. human oriented d. all of the above
12. Which is not the Maslow's needs?
- a. Esteem b. control c. self-actualization d. social
13. which is the barrier of communication?
- a. filtering b. psychological distance
- c. the pressure of time d. all of the above
14. Employees motivational technique is
- a. to select and apply the appropriate motivations b. to prepare a set of motivational tools
- c. to ascertain motivational needs d. all of the above
15. Who is the developer of two factor theory of motivation.
- a. Herzberg b. Lawless, David J c. A.H Maslow d. Porter, Lyman W. Hackman
16. Which of the following is or are not Non-financial incentives?
- a. Job enlargement b. welfare activities
- c. person d. responsibility
17. Theory X is a theory of
- a. controlling b. financial planning c. motivation d. planning
18. Motivational factor is
- a. achievement b. work itself c. recognition d. all of these
19. Expectancy theory was developed by
- a. Alfred b. Vroom Victor c. Robinson d. Maslow

20. Who describes the classical approach as the engineering approach?

- a. Gulick b. Fayol c. Urwick d. Mooney

21. Hygiene factors related to the work context includes

- a. Relations with supervisor b. supervision
c. company policy & administration d. all of the above

22. Which is the type of communication in small group?

- a. centralized flow with feedback b. chain flow with feedback
c. circular flow with feedback d. all of the above

23. according to Wendell and Cecil, which is an element of organization development?

- a. collaborative management b. work processes
c. work team d. all of these

24. Which is not correct about the nature of leadership?

- a. ideal conduct b. leadership is a personal quality
c. dynamic process d. unity of accounting

25. Systems approach of management consists

- a. information requirements b. communication methodology
c. decision making techniques d. all of the above

26. The approaches to organizational changes are

- a. structural approach b. value centered approach
c. technological approach d. all of the above

27. financial incentives include

- a. insurance b. additional bonus
c. participation in profits d. all of the above

28. learning can be in the form of

- a. stimulus b. motivation c. objective oriented d. all of these

29. Non-financial incentives consists

- a. goals b. c. effective leadership d. all of these

30. The managerial grid was developed by

- a. Likert, rensis b. Stanton c. jones d. Robert R. Blake and Jone S Monton

31. Which is not a theory of leadership?

- a. Accounting theory b. the life cycle theory
c. interactionist theory d. functional theory

32. which is the theories of learning?

- a. Stimulus response theory
- b. operational conditioning theory
- c. theory of conditioning
- d. all of the above

33. the benefits of MBO consists of

- a. basis of salary
- b. special emphasis on managerial efforts
- c. achievement of goals
- d. all of the above

34. which of the following is theories of leadership

- a. the situational theory
- b. the trait theory
- c. the great man theory
- d. all of the above

35. Approaches of organizational effectiveness include

- a. strategic constituencies approach
- b. system approach
- c. goal attainment approach
- d. all of the above

36. the organization theory includes

- a. adaptation and change
- b. boundary and environment
- c. technology
- d. all of the above

37. Which is the formula of Vrooms Expectancy theory?

- a. $\frac{\text{valence}}{\text{expectancy}}$
- b. $\text{motivation} = \text{valence} \times \text{expectancy}$
- c. $\frac{\text{expectancy}}{\text{valence}}$
- d. $\frac{\text{motivation}}{\text{esteem}}$

38. fayol attempted to develop

- a. scientific management
- b. universal theory of management
- c. productivity theory
- d. none of the above

39. who coined the term scientific management?

- a. Etron mayo
- b. Henry Fayol
- c. F. W Taylor
- d. Rensis Likert

40. F W Taylor's important writing includes

- a. Shop management
- b. Principle of scientific management
- c. both A and B
- d. none of the above

41. Which of the following element of scientist management was given by Taylor?

- a. Time and moton study
- b. Functional foremanship
- c. Standardization
- d. All of these

42. Who was associated with the illumination experiment of the Hawthorne experiment?

- a. Elton Mayo
- b. George A Pennok

- c. F.J Roethlisberger d. None of the above
43. Father of the human relation approach was
- a. Abraham Maslow b. Douglas McGregor
- c. P.F. Drucker d. Elton Mayo
44. Elton Mayo conducted his Hawthorne experiment in
- a. Western electric company b. Eastern Electric company
- c. General electric company d. Indian electric company
45. Elton Mayo's contribution of management development through was
- a. Human relation approach b. Non-economic approach
- b. social man d. all of these
46. Chester Bernard's important writings include
- a. the function of the executive b. organization & management
- c. elementary condition of business morale d. all of these
47. Control function cannot be performed without
- a. Planning b. Organizing c. Staffing d. All of these
48. Which of the following principles of management was not given by Fayol
- a. Unity of direction b. Subordination of individual interest to common interest
- c. stability of tenure d. standardization
49. Narrow span of control results into
- a. Tall structure b. Flat structure
- c. Machanistic structure d. All of the above
50. Which of the following is correct about 'GRAPVINE'?
- a. It tends to exists when member of formal group know one another well.
- b. It is the result of the social forces at work place.
- c. It is more common in times of high organizational commitment.
- d. all of the above
51. Who is associated with the 'illumination experiment'' of the Hawthorne experiment
- a. Elton mayo b. George A Pennock
- c. F.J Roethlisberger d. All of these
52. Identify the principle of the F.W Taylor scientific management
- a. Scalar chain b. M.B.O
- c. Functional foremanship d. All of these

53. Grapevine is called

- a. Informal communication
- b. Formal communication
- c. Official created
- d. All of these

54. The old control techniques which were used through years are

- a. unity of policies
- b. break-even analysis
- c. budgetary control
- d. All of these

55. Clester Bernard developed a theory of organization and _____ functions

- a. vision
- b. recognition
- c. executive
- d. all of these

56. Who propounded the theory X and theory Y?

- a. McGregor
- b. Mayo
- c. Taylor
- d. Chrs Argyris

57. Few of the management principles given by Henry Fayol are

- a. authority & responsibility
- b. division of work
- c. discipline
- d. all of these

58. Which of the following includes in the classical theory?

- a. Bureaucratic
- b. scientific management
- c. functional & administrative
- d. all of these

59. non-classical theory time period is

- a. 1990-1930
- b. 1930-1950
- c. 1950-1980
- d. none of these

60. Neo-classical theory includes

- a. human related movement
- b. system approach
- c. behavioural science movement
- d. both A and C

61. Modern approach management theories names

- a. quantitative operation research
- b. contingency approach
- c. system approach
- d. all of these

62. Bureaucratic models were given by

- a. Max Weber
- b. Henry Fayol
- c. Taylor
- d. Elton mayo

63. Who gave the 14 Principles of Management?

- a. Elton mayo
- b. F W Taylor
- c. Mx Weber
- d. Henry Fayol

64. Author of Making scientific management is given by

- a. Urwick and Breach
- b. F. W Taylor
- c. Elton Mayo
- d. Max Weber

65. Role of staff in "line and staff" organization is

- a. advisory
- b. managerial
- c. superior
- d. all of these

66. Which approach emerged from the findings of Hawthorne experiment

- a. Human relation approach b. system approach
- c. behavioral science movement d. all of these

67. the "human problem of industrial civilization" is given by

- a. Michael E porter b, Charles Babbage c. Elton mayo d. all of these

68. Which Books was given by McGregor?

- a. Professional manager b. Leadership and management
- c. the human side of enterprise d. all of these

69. which books was given by McGregor?

- a. professional manager b. leadership and management
- c. the human side of enterprise d. all of those

70. the acceptance theory of authority was given by

- a. Michael E porter b. Charles Babbage
- c. Chester Bernard d. all of these

71. Certain important motivational techniques are

- a. monetary incentives b. job-based techniques
- c. MBO techniques d. all of these

72. the _____ principle. Which is the inherent process in organization through which authority, the antecedent co-coordinative principles, permeates the entire organized structure.

- a. scalar b. unity of direction c. MBO d. all of these

73. the following are the elements of control

- a. authority and knowledge b. Guidance and direction
- c. constant and restraint d. all of these

74. Under mechanism of scientific management, scientific task setting includes

- a. time study b. method study c. motion study d. all of these

75. David C McClelland identified three motives those are

- a. affiliation b. power c. achievement d. all of these

76. communication is the art of transmitting

- a. information b. ideas c. attitudes d. all of these

77. The communication process begins with _____ who transmits the message

- a. information b. sender c. attitudes d. all of these

78. who developed the functional organization?

- a. Michael E porter b. Charles Babbage c. Taylor d. all of these

79. The functional foremanship was given by

- a. Michael E.Porter b. Charles Babbage c. Taylor d. All of these

80. Gang Boss is related to

- a. Working rule b. speed of different machines
c. availability of tools and machines d. all of these

81. Communication flow from lower level to upper obes within an organization

- a. vertical communication b. downward communication
c. upward communication d. all of these

82. Hierarchy has been described as the 'scalar process' by

- a. L.D.White b. Mooney & Riley c. P.H Appleby d. Gullick & Urwick

83. which of the following is the type of decentralization?

- a. profit centre b. responsibility centre c. cost & expense centre d. all of these

84. Types of coordination is

- a. internal b. external c. vertical & Horizontal d. all of these

85. Which of the following is the classical theory of span?

- a. Hamilton prescription b. Urwick Prescription
c. Granicusuicus prescription d. all of these

86. Which of the following is the channel of communication?

- a. vertical communication b. downward communication
c. lateral or diagonal communication d. all of these

87. It is the communication that flows both up and down the organization, usually along formal reporting lines

- a. vertical communication b. downward communication
c. lateral or diagonal communication d. all of these

88. Communication flow from higher level to lower ones within an organization

- a. vertical communication b. downward communication
c. lateral or diagonal communication d. all of these

89. It takes place between people on the same level of the hierarchy

- (A) Vertical Communication (8) Downward Communication
(C) Lateral Communication (D) All of these

90. It consists of the message from superior to subordinate

- (A) Vertical Communication (B) Downward Communication

(C) Upward communication

(D) All of these

91. It occurs between people neither in the same department nor on the same level of the hierarchy.

(A) Vertical Communication

(B) Downward Communication

(C) Diagonal Communication

(D) All of these

92. _____ is a communication channel that do not adhere to the organization hierarchy.

(A) Informal Communication

(B) Downward Communication

(C) Diagonal Communication

(D) All of these

93. An informal communication network among people in an organization that is not officially sanctioned by the organization.

(A) Informal Communication

(B) Downward Communication

(c) Grapevine

(D) All of these

94. Communication methods or media types.

(A) Oral or verbal Communication

(B) Written Communication

(c) Non-verbal Communication

(D) All of these

95. Face-to-Face conversation, group discussion telephone, calls and other circumstances in which the words are spoken is used to transmit meaning.

(A) Oral or verbal Communication

(B) Written Communication

(C) Nonverbal Communication

(D) All of these

96. The communication that takes place through actual expression, body position, eye contact and other facial expression is

(A) Oral or verbal Communication

(B) Written Communication

(C) Nonverbal Communication

(D) All of these

97. "Focus on social environment" is related to

(A) Unity of command

(B) Human Relation

(C) Unity of Direction

(D) Attitude

98. The term "General system theory" owes its origin to

(A) Max Weber

(B) F.W. Taylor

(C) Ludwig Von Bertalanffy

(D) Mary Parker

99. Which of the following is not concerned of "scientific management"?

(A) Production

(B) Efficiency

(C) Mechanistic Methods

(D) Rationally

100. Which of the following is considered as the first principle of organization?

- (A) Delegation
- (B) Co-ordination
- (C) Unity of command
- (D) Supervision

101. Find the odd one out

- (A) Human Relation Theory
- (B) Informal Functioning
- (C) Humanistic Theory
- (D) Structural Theory

102. Hanry Fayol Supports the

- (A) Humanistic approach
- (B) Mechanistic approach
- (C) Organic approach
- (D) Scientific management ‘

103. The main focus of human relation theory is on

- (A) Formal Organization
- (B) Informal Organization
- (C) Individual
- (D) Participatory Decision-making

104. "Grapevine" is a type of

- (A) Written communication
- (B) Formal communication
- (C) Informal Communication
- (D) Lateral communication

105. Ethics deals with the right actions of individuals." Who said?

- (A) Peter F. Drucker
- (B) CS. Rao 1
- (C) J.R. Betty
- (D) D.C. Zane

106. Which is the principle of business ethics?

- (A) Principle of Aspirit of Service
- (B) Principle of Due Process
- (C) Principle of Satisfaction
- (D) All of the above

107. Business ethics

- (A) is based on the reality and social customs prevailing in business environment
- (B) is not affected by the social approval or disapproval
- (C) the base of business ethics is theology
- (D) All of the above

108. Which is the element of business ethics?

- (A) A discipline
- (B) It is an art and science both
- (C) Good intention
- (D) All of the above

109. Which is the techniques to improve ethical conduct of business?

- (A) Transparency in working (B) Ethics committee
(C) Ethical code of conduct (D) All of the above

110. Which is the approach to corporate planning?

- (A) Nature of demand (B) Market dynamics
(C) Management attitudes (D) All of the above

111. "Business ethics is related with the test of values of social values." Who said it?

- (A) Peter F. Drucker (B) Fredrick
(C) Keith Devis (D) JR Betty

112. "Corporate planning is the continuous process of making present entrepreneurial decisions systematically and with the best possible knowledge of their futurity." Who said?

- (A) McCanathen (B) Peter F. Drucker
(C) Hussey (D) LR. Betty

113. Which is / are argument against Corporate Social Responsibility?

- (A) Cost burden on consumers (B) Non-availability of social skills
(C) Unsupported by logic (D) All of the above

114. Which is an example of ethical codes?

- (A) We believe in more production (B) We believe in assets
(C) We believe in money (D) None of these

115. 'Best journey' is a ethical code of

- (A) Railway company (B) Hutch
(C) RIL (D) Indian government

116. The environmental analysis includes

- (A) Political conditions (B) Social factors
(C) Economic conditions (D) All of the above

117. Corporate planning consists

- (A) Automation (B) Defamation
(C) Financial accounting (D) Strategic planning

118. Which is the section of Corporate Social Responsibility?

- (A) Nature of demand (B) Market dynamics
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117. Corporate planning consists

- (A) Automation (B) Defamation
(C) Financial accounting (D) Strategic planning

118. Which is the section of Corporate Social Responsibility?

- A. Creditors b. Suppliers
(c) Professional institutions (d) All of the above

119. gusiness ethics is dynamic

- (A) Philosophy (B) Rules and regulation
(C) Concept (D) Principle

120. A code of ethics specifies the

- (A) Rule of selling (B) Rule of sales promotion

(C) Target (D) Ethical rules of operation

121. Ethical codes are

(A) Statements of the norms and beliefs of an organisation

(B) Product of the firm

(C) Product of regulation

(D) Negative rule

122. Which is an example of ethical code ?

(A) We provide better service

(B) We believe in customer satisfaction

(C) We believe in quality

(D) All of the above

123. Which is favorable point of business ethics?

(A) Helps in professionalization of management

(B) Reputation of business

(C) Perpetual succession

(D) All of the above

124. The principle of business ethics includes

(A) Principle of co-operation with others (B) Principle of publicity

(C) Principle of equivalent price

(D) All of the above

125. The ethical issues relating to customers includes

(A) Price of the product

(B) Quality of the product

(C) Safety

(D) All of the above

126. The ethical issues relating to owners of business is / are

(A) Safeguards to the interest of minority shareholders

(B) Investment of capital on profitable projects

(C) New issue of shares

(D) All of the above

127. Ethical code is

(A) We push the customer from the shop

(B) Do and Die

(C) Our first responsibility is to our customers

(D) Let's go money

128. Business ethics is a dynamic philosophy of economic adjustment Whose field is Widening day-by-day.

(A) Traditional

(B) Socio

(C) Historical

(D) Political

129. Good ethics is good

(A) Customers and suppliers

(B) Value

(C) Business

(D) Human

130. Which factors causing ethical behavior in business?

(A) Public disclosure

(B) Pressure from top executives

(C) Inspiration from leaders

(D) All of the above

131. Ethics is concerned With the goods worth seeking in life and With the rules that ought to govern human behavior and

(A) Social pressure

(B) Social torture

(C) Undue influence

(D) Social interaction

132. The code of ethics of public relations practitioners are

(A) They must never compromise on the truth due to other requirements

(B) They must never impair human dignity and integrity

(c) The code philosophy of the code is to uphold the universal declaration of Human Rights of the UNO

(d) all of the above

133. The code of ethics of public relation includes

a. they must never compromise on the truth due to other requirements

b. they must protect the interests of the organization. They serve data to the government and the general public

c. they must never impair human dignity and integrity

d. all of the above

134. Which is the basic principle of ethos for management?

a. co-operation is powerful instrument for team and success in any enterprise involving collective work

Holistic approach indicating unity between the divine, individual self and the universe

c. immense potential energy and talents for perfection as human being has the spirit within his heart

d. all of the above

135. Which of the feature of Indian ethos for management approach?

a. cost benefit

b. empowering

c. setting examples

d. all of the above

136. Match list-I with list-II and select correct answer using the codes given below:

List-I	List-II
a. planning	I. training
b. staffing	II. forecasting
c. directing	III. evaluating
d. controlling	IV. motivating
	V. Grouping

Codes:

Codes

	A	B	C	D
a.	III	I	IV	V
b.	III	V	I	II
c.	II	I	IV	III
d.	II	V	I	III

137. Match I with List II and select correct answer using the codes given below:

List -I (Management thinkers)	List-II (Contribution work)
a. Elton Mayo	I. Importance of integrating the company's and employees goal
b. F W Taylor	II. Social problems of industrial civilization
c. Henry Fayol	III. General and Industrial management
d. Mary Parker Follet	IV. Principle of scientific management

Codes

	A	B	C	D
A.	I	IV	III	II
B.	IV	III	II	I
C.	II	IV	III	I
D.	III	IV	I	II

138. Match the following

List-I	List-II
a. scientific management approach	1. guidelines to managing work
b. administrative theory	2. economic motive
c. human relation era	3. efficiency of the worker
d. beyond classical	4. Hawthorne studies
	5. Research

Codes

	A	B	C	D
a.	1	2	3	4

- b. 5 4 3 2
- c. 3 1 4 2
- d. 2 3 4 5

139. Match the following:

List-I	List-II
a. remuneration of personnel	1. specialization
b. the scalar chain	2. order
c. unity of command	3. employee
d. division of work	4. chain of command
	5. experience of authority

Codes

- | | | | | |
|----|---|---|---|---|
| | A | B | C | D |
| a. | 4 | 3 | 2 | 1 |
| b. | 3 | 4 | 2 | 1 |
| c. | 1 | 2 | 3 | 4 |
| d. | 1 | 4 | 3 | 2 |

140. Match the following

List-I	List-II
a. planning	1. management by objectives
b. Organisations	2. structure
c. staffing	3. recruitment
d. individual and the group	4. personality
	5. leadership

Codes

- | | | | | |
|----|---|---|---|---|
| | A | B | C | D |
| a. | 4 | 1 | 3 | 2 |
| b. | 1 | 2 | 3 | 4 |
| c. | 1 | 4 | 3 | 2 |
| d. | 1 | 3 | 2 | 4 |

PREVIOUS YEAR QUESTIONS

DECEMBER 2018

1. Match the items of List I with the items of List II and choose the correct answer from the code given below:

List-I	List-II
--------	---------

A. Structured	1. A realistic approach that yields comparable answers plus indepth insights
B. Unstructured	2. Useful to understand applicants reasoning and analytical abilities under modest stress
c. mixed	3. useful for valid results, especially when dealing with large number of applicants
d. behavioural	4. useful when the interviewer tries to probe personal details of the candidate to analyses why they are not fit for the job.

Codes

	A	B	C	D
a.	3	1	2	4
b.	4	2	1	3
c.	1	4	2	3
d.	3	4	1	2

NOVEMBER 2017

2. Statement I Management is not just a creature of the economy; it is a creator as well.

Statement II He who can manage, can manage anything.

Codes

- a. statement I is correct but statement II is incorrect.
- b. statement II is correct but statement I is incorrect.
- c. both statements are incorrect
- d. both statements are correct

3. Statement I Management control seeks to compel events to conform to plans.

Statement II Controlling is determining what is motivational to the employees of the organization.

Codes

- a. statement I is correct but statement II is incorrect
- b. statement II is correct but statement I is incorrect
- c. both statements are correct
- d. both the statements are incorrect

4. Assertion Sound planning is one of the essential elements for the success of corporate entities

Reason Planning is deciding in advance what is to be done. It involves the selection of objectives, policies, procedures and programmers from among alternatives.

- a. both A and R are correct and R is the correct explanation of A

- b. Both A and R are correct but R is not the correct explanation of A
- c. both A and R are incorrect.
- A is correct but R is incorrect

December 2015

5. who among the following is not related to the planning function given by Taylor?
- a. Route clerk b. Time and cost clerk
- c. Inspector d. disciplinarian

June 2015

6. When the cost incurred on recruiting, training and developing the employees is considered for determining the value of employees, it is called
- a. the replacement cost approach b. the historical cost approach
- c. the opportunity cost approach d. none of the above

December 2014

7. Assertion MBO is effective way of planning and organizing the work
- Reason Employees participate in setting the objectives
- Codes
- | | |
|-----------------------------|-----------------------------|
| a. both A and R are true | b. both A and R are true |
| c. A is true but R is false | d. A is false but R is true |

DECEMBER 2013

8. Strategies and policies
- a. are not closely related
 - b. give direction
 - c. are the framework for performance appraisal
 - d. both a and b
9. Arrange the following steps of management control
1. Taking corrective action from standards
 2. establishing standards
 3. measuring actual performance
 4. comparing performance against standards

- Codes
- a. 1 2 3 4 b. 2 3 4 1 c. 3 4 1 2 d. 2 4 1 3
10. Consider the following statements.

1. Planning is today's action for tomorrow's decision.
2. Planning is forward looking while controlling is looking back.
3. Motivation is about getting voluntary willingness of subordinates for action
4. line and staff organization is the oldest form of organization

Which of the statement given above is correct?

- a. 2 3 b. 1 2 4 c. 1 3 4 d. all of the above

JUNE 2013

11. Assertion When span of control is wide coordination and control becomes difficult.

Reason In a narrow span levels of authority reduces

- a. both A and R are true and R is the correct explanation of A
 b. both A and R are true but R is not the correct explanation of A
 c. A is true but R is false
 d. A is false but R is true

12. Which of the following is not a principle of management according to Henry Fayol

- a. subordination of individual interest over the organizational interest
 b. Esprit de corps
 c. Unity of managers
 d. Unity of direction

December 2012

13. Assertion All decisions taken through mental process are rational

Reason Decision making is a mental process.

- a. Both A and R are true and R is the correct explanation of A
 b. both A and R are true but R is not the correct explanation of A
 c. A is true but R is false
 d. A is false but R is true

14. Who is considered father of scientific management?

- a. Peter F Drucker b. F W Taylor
 c. Victor Vroom d. Henry Fayol

15. Assertion Management is a continuous process.

Reason Managers first plan, then organize and finally perform the function of controlling

- a. both A and R are true and R is the correct explanation of A
- b. Both A and R are true but R is not the correct explanation of A
- c. A is true but R is false
- d. A is false but R is false

JUN 2012

16. Identify the true sequence of steps involved in planning.

- 1. selecting the best course of action 2. establishing the sequence of activities
- 3. establishment of objectives 4. evaluating alternative courses
- 5. determining alternative courses

Codes

- a. 1 2 3 4 5 b. 3 5 4 2 1 c. 5 4 3 2 1 d. 3 5 4 1 2

17. Assertion One can be sure about future course of actions by making good plans.

Reason Planning brings certainty in future course of actions of an organization.

- a. R is true but A is false b. A is true but R is false
- c. both A and R are true d. both A and R are false

18. to manage a business well is to manage its future and to manage the future is to manage information is termed as

- a. management information system b. marketing information system
- c. future information system d. general information system

19. who has given 14 principles of management?

- a. Bernard b. Henry Fayol c. F W Taylor d. Fleming

20. what is MBO?

- a. management by objectives b. multiple business organization
- c. management by organization d. multiplicity of business operations

ANSWER KEYS

1=D	2=A	3=C	4=B	5=C	6=B	7=A	8=B	9=D	10=A
11=C	12=C	13=A	14=B	15=A	16=D	17=A	18=A	19=B	20=B

PREVIOUS YEAR QUESTIONS

1. Which among the following is known as cross contact communication?

- a. inter-scalar communication b. Inter-scalar communication

- c. extra organization communication d. concealed communication

2. Arrange the steps of succession planning in the correct sequence.

1. define competencies required to perform roles.
2. with future orientation, assess people against criteria.
3. Identify roles for succession or replacement planning.
4. develop employees to be ready for future key roles.
5. identify pool of talent that can potentially perform highly in key roles.

Codes

- a. 1 2 3 4 5 b. 2 1 3 4 5 c. 3 2 1 4 5 d. 3 1 2 5 4

3. Match the items of List I with II and choose the correct code

List -I	List-II
a. sales executive	1. top middle management
b. branch manager	2. middle management
c. foreman	3. lower management
d. production manager	4. operating force

Codes

- | | A | B | C | D |
|----|---|---|---|---|
| a. | 4 | 2 | 3 | 1 |
| b. | 2 | 3 | 4 | 1 |
| c. | 3 | 4 | 2 | 1 |
| d. | 1 | 2 | 3 | 4 |

4. Match the items of List I with List II and choose the correct code

List-I	List-II
a. physical standards	1. material cost per unit
b. cost standards	2. labour hours per unit of output
c. revenue standards	3. timing of production
d. program standards	4. average sales per customer

Codes

- | | A | B | C | D |
|----|---|---|---|---|
| a. | 2 | 1 | 4 | 3 |
| b. | 2 | 1 | 3 | 4 |
| c. | 1 | 2 | 4 | 3 |
| d. | 4 | 1 | 3 | 2 |

5. match the items of List I with List II and choose the correct code of combination

List-I	List-II
a. the fundamentals of top management	1. Peter F Drucker
b. Middle management	2. RC Davis
c. the essence of management	3. ELF Brech
d. Principles and practice of management	4. Mary Caushing Nile

Codes

- | | A | B | C | D |
|----|---|---|---|---|
| a. | 2 | 4 | 3 | 1 |
| b. | 2 | 4 | 1 | 3 |
| c. | 2 | 3 | 1 | 4 |
| d. | 3 | 4 | 1 | 2 |

6. Statement I Management is not just a creature of the economy; it is creator as well.
Statement II He who can manage, can manage anything.

Codes

- a. statement I is correct but statement II is incorrect
 b. statement II is correct but statement I is incorrect
 c. both statements are incorrect
 d. both statements are correct

7. Developed by the special projects office of the U.S Navy, this technique was first formally applied to the planning and control of the Polaris Weapon System in 1958 and worked well in expediting the completion of that programme. The technique is known as

- a. Grantt Chart b. PERT c. CRM d. Milestone budgeting

8. match the following

List-I	List-II
a. planning	1. getting others to get the job done
b. organizing	2. setting the standard such as sales, quotas, quality standards
c. leading	3. establishing goals and standards
d. directing	4. giving each subordinate specific task

Codes

	A	B	C	D
a.	1	2	3	4
b.	3	4	1	2
c.	3	1	2	4
d.	4	1	2	3

9. match the following

List-I	List-II
a. objectives	1. reveal priorities
b. strategies	2. retreats
c. policies	3. potential actions
d. periodical conduct of strategic management meeting	4. mainly address repetitive or recurring situations

Codes

	A	B	C	D
a.	1	3	4	2
b.	3	4	1	2
c.	3	1	2	4
d.	4	1	2	3

10. In _____ grapevine, a person transmits the information to a few selected people and some of them pass it on to the select others

- a. cluster b. gossip c. probability d. sing strand chain

11. the study of gestures and body postures for their impact on communication is known as

- a. kinesics b. proxemics c. semantics d. none of these

ANSWER KEYS

1=B	2=D	3=A	4=A	5=A	6=D	7=A	8=B	9=A	10=B
11=A									

PRACTICE SET'

1. The decisions which are frequent and repetitive in nature are called as

- A. non programmed decisions
C. major decisions
- B. programmed decisions
D. operative decisions
2. Which type of organization gives importance to terms of authority and functions
- A. informal organization
C. business or organization
- B. formal organization
D. strategic organization
3. The person who sends a message is known as
- A. Sender
C. Messenger
- B. Receiver
D. Communicator
4. Leadership behavior is influenced by certain qualities of a person is
- A. Followers theory
C. Situational theory
- B. Trait theory
D. Managerial grid
5. Motivation available only after the completion of a job is
- A. negative motivation
C. extrinsic motivation
- B. positive motivation
D. intrinsic motivation
6. Leadership is the activity of influencing people to strive willingly for mutual objectives - The definition is given by
- A. George R Terry
C. Allen
- B. Koontz and O. Donnel
D. Robert C Apple
7. Wages, salaries, bonus, vacation pay, insurance are examples of
- A. financial motivation
C. extrinsic motivation
- B. non-financial motivation
D. intrinsic motivation
8. The Era of Scientific Management is
- A. 1880-1930
C. 1880-1932
- B. 1880-1931
D. 1880-1933
9. Consumers are satisfied through
- A. motivation
C. communication
- B. innovation
D. management
10. A leader forces his followers to work hard and penalizes them is
- A. positive style
C. autocratic style
- B. negative style
D. democratic style
11. _____ is the harmonizing or synchronizing of individual efforts with the purpose of achieving group goals..
- A. coordination
C. decision making
- B. control
D. delegation
12. The selection of best alternative from many alternatives is known as
- A. selection
C. organizing
- B. decision-making
D. budgeting
13. Passing of authority to make decisions to the lowest possible level in the organizational hierarchy is known as
- A. accountability
C. decentralization
- B. responsibility
D. authority

14. Strategic planning is
 A. long term planning B. medium term planning
 C. short term planning D. annual planning
15. Contingent plan to meet environmental pressures is
 A. objective B. strategies
 C. policies D. rules
16. A system of co-operative activities of two or more persons is called
 A. department B. co-ordination
 C. organization D. control
17. A leader who serves as the head of the family and treats his followers like his family members is
 A. paternalistic leader B. intellectual leader
 C. liberal leader D. institutional leader
18. Motivation available at the time of performance of work is
 A. negative motivation B. positive motivation
 C. extrinsic motivation D. intrinsic motivation
19. MBO was introduced by
 A. Peter F drucker B. Henry fayol
 C. Max Weber D. Mary parker follet
20. Supply of human and material resources and helps to achieve the objective of business is
 A. planning B. organization
 C. management D. control
21. Achievement of objectives of an organization is concerned with
 A. organization B. Division of work
 C. management D. planning
22. The managerial grid consist of how many possible leadership styles
 A. 51 B. 61 C. 81 D. 91
23. Growth and prosperity of any organization depends upon
 A. competition B. planning
 C. division of work D. organizing
24. F.W. Taylor is associated with
 A. Scientific Management B. Future management
 C. Modern management D. Principles of management
25. Maslows motivation theory is on the basis of human
 A. satisfaction B. needs
 C. maintenance factors D. rewards
26. Control exercised while the activity is in progress is
 A. concurrent control B. feed forward control
 C. feedback control D. preserving control
27. _____ is a force to drive a person to action
 A. motivation B. coordination

D. control

28. The leader acts as a liaison officer between the employees and the outside world is

B. free-rein style

D. democratic style

29. The leader makes decisions in consultation with his followers is

B. liberal leader

D. institutional leader

30. In managerial grid, the style which focuses wholly on production is

B. impoverished style

D. team management style

31. The leadership style considers subordinates do not have ability and immature is.

B. liberal leader

D. institutional leader

32. Inter-departmental committee meeting is an example of

B. upward communication

D. informal communication

33. Exchange of messages through spoken words is

B. written communication

D. sideward communication

34. Management By Objectives was introduced by

B. Elton Mayo

D. Maslow

35. Esteem needs are also called as

B. self-realization needs

D. safety needs

36. Authority is the right to give orders and the power to exact obedience is defined by

B. Fayol

D. Louise Allen

37. Crisis decision is also known as

B. major decision

D. spot decision

38. Informal communication is commonly known as

B. upward communication

D .grapevine

39. The first man who advocated the view that the management should and can be taught is.

B. Terry

D. Hendry Fayol

40. Management is what a manager does.

B. Terry

D. Hendry Fayol

41. A leader motivates his followers to work hard by offering them rewards is
 A. positive style B. negative style
 C. autocratic style D. democratic style
42. Leadership theory which explains that a leader is strongly affected by the situation in which he works is
 A. Followers theory B. Trait theory
 C. Situational theory D. Managerial grid
43. The purchase of land and building is an example of
 A. group decision B. major decision
 C. minor decision D. spot decision
44. The most popular management think of modern times is.
 A. Mary Parkett B. Lillian Gilberth
 C. Peter Drucker D. Elton Mayo
45. Management is the art and science of decision making and leadership
 A. Harold Koontz B. Donald J Clough
 C. Louis Allan D. Terry
46. Men, Money Material and Machines are included in
 A. factors of production B. resources
 C. budget preparation D. cost analysis
47. The right of a person to give instructions to his subordinates is known as
 A. responsibility B. authority
 C. accountability D. line authority
48. According to Follet, conflict may be re- moved through three ways
 A. domination, compromise and integration B. control, compromise and integration
 C. direction, domination and integration D. direction, domination and integration
49. The transmission of thoughts from person to another is
 A. communication B. controlling
 C. consultative D. organizing
50. Plans, policies and procedures are the functions of
 A. top level management B. middle level and bottom level management
 C. middle level management D. bottom level management
51. Every subordinate should receive orders from and be accountable to only one superior is
 A. Unity of direction B. Unity of command
 C. Centralization D. Scalar chain
52. Which type of organization has no place in the organization chart
 A. In formal organization B. Formal organization
 C. business or organization D. strategic organization
53. Control system of an organization has no influence over the
 A. internal environment B. external environment
 C. customers D. government
54. The first and foremost function of management is

- A. planning
C. controlling
- B. organizing
D. co-ordination
55. The person who receives the message is called
A. sender
C. encoding
- B. receiver
D. decoding
56. The process of activity relating to the effective utilization of available resources for production is
A. planning
C. organization
- B. management
D. decision making
57. Goals, aims, purposes, missions and target is also known as
A. strategies
C. rules
- B. policies
D. objectives
58. Pioneer of Human Relations is
A. Mary Parkett
C. Henry Fayol
- B. Lillian Gilberth
D. Elton Mayo
59. Management is the art of getting things done through and with an informally organized
A. Harold Koontz
C. Louis Allan
- B. Terry
D. Hendry Fayol
60. According to Maslow, the satisfied needs
A. motivate the workers
C. highly motivate the workers
- B. do not motivate the workers
D. satisfy the workers
61. Decision taken by committee formed by the top management for specific purpose is
A. group decision
C. personal decision
- B. organizational decision
D. operative decision
62. Which theory is also called traditional authority theory
A. The acceptance of authority theory
C. The competence theory
- B. The formal authority theory
D. The organization theory
63. Rules, duties and responsibilities of workers are given in writing in
A. formal organization
C. business or organization
- B. informal organization
D. strategic organization
64. Need hierarchy theory was formulated by
A. Maslow
C. Mc gregor
- B. Henry fayol
D. Fw taylor
65. The chain of command from the highest authority to the lowest level in the organization is
A. Unity of direction
C. Centralization
- B. Unity of command
D. Scalar chain
66. Operational planning is
A. Short term planning
C. Long term planning
- B. medium term planning
D. annual planning
67. Expectancy motivation theory is given by
A. Vroom
- B. Maslow

C. Herzberg

D. Mc Gregor

68. Selecting a best course of action among the alternatives is called as

A. decision making

B. planning

C. organizing

D. controlling

69. Co-ordination between the activities of various departments and individuals working within the organization is known as

A. vertical co-ordination

B. external co-ordination

C. internal co-ordination

D. horizontal co-ordination

70. Example of Hygiene factors is

A. achievement

B. recognition

C. advancement

D. salary

71. Verification of financial statements is

A. external audit

B. internal audit

C. management audit

D. financial audit

72. The control takes place before the actual activity is known as

A. concurrent control

B. feed forward control

C. feedback control

D. preserving control

73. MBE is a technique of management

A. Control

B. Planning

C. Organizing

D. staffing

74. Motivation based on force of fear is called

A. negative motivation

B. positive motivation

C. extrinsic motivation

D. intrinsic motivation

75. Theory of work-motivation was pro- pounded by

A. Mc Gregor

B. Herzberg

C. Maslow

D. Fw Taylor

76. The theory focused on a person's act rather than his trait or behavior is.

A. Trait theory

B. Behavioural theory

C. Followers theory

D. System theory

77. The assumptions about future derived from forecasting and used in planning are known as

A. planning premises

B. freehold premises

C. business premises

D. corporate premises

78. Converting symbols, signs or pictures into meaning is known as

A. Sender

B. receiver

C. encoding

D. decoding

79. Self-confidence, independence, achievements, knowledge, status, recognition and appreciation examples of

A. safety needs

B. social needs

C. ego needs

D. self-actualization needs

80. The act of making ones ideas and opinions known to others is said by

A. Meyer

B. Brown

C. Newman

D. Keith Davis

81. Contingent plan to meet environmental pressure is

A. objective

B. strategies

C. policies

D. rules

82. Henry Fayol concentrated on

A. top management

B. lower level management

C. middle level management

D. workers

83. Herzbergs Hygiene factors

A. motivate employees

B. do not motivate employees

C. dissatisfy employees

D. satisfy employees

84. Banks, insurance companies and distribution agencies are examples of

A. departmentation by function

B. departmentation by products

C. departmentation by territory

D. departmentation by customers

85. In managerial grid, the style of management depicts the style of a leader who is neither concerned about the people nor does he care about the task to be performed is

A. task management

B. impoverished style

C. country club

D. team management style

86. A structure of relationship is called as

A. organization

B. functions

C. team

D. group effort

87. Espirit de corps means

A. union is strength

B. service is our motto

C. buyer beware

D. product is our strength

88. The employees train themselves and they are self-motivated under

A. free-rein style

B. negative style

C. autocratic style

D. democratic style

89. The process of dividing the large monolithic functional organization into small and flexible administrative units is called

A. staffing

B. delegation

C. departmentation

D. control

90. Elements of delegation

A. responsibility, authority, accountability

B. authority, delegation, accountability

C. responsibility, decentralization, centralization

D. controlling, responsibility, authority

91. Medium term planning is

A. 6 months

B. 1 year

C. 2 to 5 years

D. 5 to 15 years

92. The oldest type of organization

A. functional organization

B. line organization

C. matrix organization

D. committee organization

93. Programmed decision is also known as

A. routine decisions

B. structured decisions

C. strategic decisions

D. operative decisions

94. The integration of objectives and activities of an organization is
 A. control B. co-ordination
 C. Planning D. organizing
95. Study of the movements of both the workers and the machine to eliminate wasteful movement is
 A. fatigue study B. time study
 C. motion study D. work study
96. Communication of policies, procedures and programmes is example of
 A. downward communication B. upward communication
 C. horizontal communication D. informal communication
97. Under which control system only extra ordinary or exceptional deviations are reported to management for remedial action
 A. MBE B. MBO C. MBS D. MBP
98. Goal or target to be achieved is known as.
 A. schedule B. Budget C. procedures D. objective
99. Span of control means
 A. chain of command B. the number of people working
 C. leadership quality D. the number of people managed
100. Letters, circulars, memos, bulletin, manuals, reports are example of
 A. oral communication B. written communication
 C. gestural communication D. sideward communication

ANSWER KEYS

1=B	2=B	3=A	4=B	5=C	6=A	7=A	8=A	9=B	10=B
11=A	12=B	13=C	14=A	15=B	16=C	17=A	18=D	19=A	20=B
21=C	22=C	23=B	24=A	25=B	26=A	27=A	28=B	29=C	30=A
31=D	32=C	33=A	34=C	35=C	36=B	37=D	38=D	39=D	40=C
41=C	42=C	43=B	44=A	45=B	46=B	47=B	48=A	49=A	50=A
51=B	52=A	53=B	54=A	55=B	56=B	57=D	58=D	59=A	60=B
61=A	62=B	63=A	64=A	65=D	66=A	67=A	68=A	69=C	70=D
71=B	72=B	73=A	74=A	75=B	76=D	77=A	78=D	79=C	80=A
81=B	82=A	83=B	84=C	85=B	86=A	87=A	88=A	89=C	90=A
91=C	92=B	93=D	94=B	95=C	96=A	97=A	98=D	99=D	100=B

UNIT-2

ECONOMICS

PRACTICE SETS

- Marginal cost curve cuts the average cost curve from below at
 - Its lower point
 - The left of the lowest point
 - Right of the lowest point
 - All of the above
- Which of the following is the best general definition of the study of economics?
 - Inflation and unemployment is a growing economy
 - The best way to invest in the stock market
 - Business decision making under foreign competition
 - Individual and social choice in the face of scarcity
- Consider the following statements
 - Business economics is a special branch of economics applied in business decision making
 - The nature of business economics is applied not theoretical
 - The nature of business economics is based on micro economics
 Codes
 - 1
 - 1 3
 - 2 3
 - all of the above
- Which of the following is a reason for economic problem
 - Unlimited ends or wants
 - Scarce resources
 - Alternative uses of scarce resources
 - All of the above
- Which of the following is the best general definition of the study of business economics?
 - The best way to invest in the stock market
 - Behavior of the firm in theory and practices
 - Individual choice in the face of scarcity
 - Use of economic theories for making business decisions
- For profit maximization of a firm following conditions should be fulfilled
 - $MC = MR$
 - Marginal cost curve cuts the average cost curve from below
 Which of the following is correct
 - 1
 - 2
 - 1 2
 - neither 1 nor 2
- What is the fundamental premise of economics?

- a. Individuals are capable of establishing goals and acting in a manner consistent with achievement of those goals.
- b. Natural resources will always be scarce
- c. Individuals choose the alternative for which they believe the net gains to be the greatest
- d. No matter what the circumstances, individuals choice always involve a tradeoff.

8. According to Lionel Robbins definition of economics, Economics is a science which

- a. Studies human behavior
- b. Relationship between ends and scarce resources
- c. Scarce means have alternative uses
- d. All of the above

9. Consider the following statements.

1. The main purpose of a business firm is to earn profit.
2. Capital management is dealt within business economic.
3. Cost analysis is required for cost control.
4. Which of the statements given above are correct?

- a. 3 b. 2 c. 1 d. all of the above

10. In the case of giffen goods like bajra, a fall in its price trends to

- a. Reduce the demand b. Increase the demand
- c. Demand will remain constant d. None of the above

11. Which of the following pairs of commodities is an example of substitutes?

- a. Coffee and milk b. Diamond and cow
- c. Pen and ink d. Mustard oil and coconut oil

12. In a demand schedule, quantity demanded

- a. Varies directly with price b. Varies inversely with price
- c. Varies proportionately with price d. None of the above

13. A good, whose demand by a consumer falls with the rise in income of that consumer is called

- a. Normal goods b. Inferior goods
- c. Substitute goods d. Complementary goods

14. Which of the following does not influence the individual demand for a product

- a. Price of product b. Price of close substitute
- c. State of production technology d. Change in climate condition

Question 15

Question 16

17. Which one of these is an exception to the law of demand?

- a. Demonstration effect goods b. Giffen goods

c. Future scarcity of goods

d. All of the above

18. If the demand curve is a rectangular hyperbola, elasticity is

a. 1

b. 0

c. ∞

d. less than 1

19. Reasons for change in demand (increase or decrease in demand) are

a. Change income of consumer

b. Change in population

c. Change in fashion and customs

d. All of the above

20. Demand for a commodity depends on the relative price of its

a. Substitute goods

b. Abnormal goods

c. Inferior goods

d. None of the above

21. Demand curve of a normal goods is

a. Graphical presentation of law of demand

b. Slopes downward

c. Explain the relation between price and demand

d. All of the above

22. The demand curve is _____ representation of a demand schedule, demand curve slopes _____ ward from left to right

a. Graphical, down

c. graphical, up

b. Down, graphical

d. schedule, up

23. For inferior commodities, income effect is

a. Zero

b. normal

c. inferior

d. substitutes

24. When the decrease in the price of one good causes the demand for another good to decrease, the goods are

a. Complements

b. normal

c. inferior

d. substitutes

25. Which of the following shapes of demand curve shows elasticity equal to unity at all points?

a. A rectangular hyperbola

c. a parabola

b. A perpendicular

d. a straight line

26. An income demand curve for an inferior commodity slopes

a. Horizontal

c. upwards to the right

b. Vertical

d. downwards to the right

27. When the demand curve is a rectangular hyperbola, a fall in the price of a commodity causes total expenditures on the commodity to

a. Increase

c. remain unchanged

b. Decrease

d. none of these

28. Which one is not a type of demand?

- a. Price demand
b. Derived demand
- c. joint demand
d. all of these

29. The total effect of a price change of a commodity is

- a. Substitution effect + price effect
b. Substitution effect – income effect
c. Substitution effect + income effect
d. Substitution effect – price effect

30. Individual demand schedule shows

- a. Tabular presentation of law of demand
b. The prices of goods
c. The quantities of a commodity purchased
d. All of the above

31. Goods which are paradoxical to the law of demand are

- a. Giffen goods
b. Substitute goods
c. complementary goods
d. none of these

32. Baumol has suggested as an alternative objective for profit maximization, the maximization of

- a. Sales
b. Profit
c. income
d. none of these

33. According to law of demand,

- a. Price of commodity is an independent variable
b. Quantity demanded is a dependent variable
c. Reciprocal relationship is found between price and quantity demanded
d. All of the above

34. According to the law of diminishing marginal utility

- a. Utility is at a maximum with the first unit
b. Increasing units of consumption increase the marginal utility
c. Marginal product will fall as more units are consumed
d. Total utility will rise at a falling rate as more units are consumed

35. Market demand for any goods is a function of the

1. Price per unit of the goods
2. Price per unit of other goods
3. Incomes of consumers
4. Tastes of consumers
- Codes

- a. 1
b. 1 3
c. 3 4
d. all of the above

36. Which of the following is a correct statement?

- a. Decrease in input causes a leftward shift in the supply curve
b. The demand for a commodity is inversely related to the price of its substitutes
c. The desire for a commodity backed by ability and willingness to pay is demanded
d. When income increases demand for essential goods increases more than proportionately

37. Which of the following statements are not correct?

- a. Decrease in own price of the commodity means extension of demand
- b. Increase in own price of the commodity means increase in demand
- c. Both a and b
- d. None of the above

38. The means function is a statement of the relationship between

- a. Quantity of factors or production
- b. Quantity of product demanded and all the factors that affect this quantity
- c. Quantity demanded and profit
- d. Product demand and cost of output

39. Movement along a demand curve as a result of change in price is known as

- a. Change in quantity demanded
- b. Change in demand
- c. Increase or decrease in demand
- d. None of the above

40. Ceteris Paribus, a change in the price of a commodity causes the quantity purchased of its complements to move

- a. In the same direction
- b. In the opposite direction
- c. in an improper manner
- d. cannot be determined

41. Which of the following statement is incorrect?

- a. The demand function specifies the relationship between quantity demanded and all the variables that determine demand
- b. The demand curve is that part of the demand function, that expresses the relation between price charged for a product and the quantity demanded ceteris paribus
- c. Elasticity can be measured in two different ways called point elasticity and arc elasticity
- d. Arc elasticity measures the average elasticity at a point on the arc of the demand curves

42. When the economist speaks of an increase in demand, he is usually referring to a

- a. Shift in demand curve to right
- b. Movement along demand curve downwards right
- c. Shift in demand curve to left
- d. Movement along demand curve upwards

43. When in order to satisfy a given want, two or more goods are needed in combination, these goods are called

- a. Complementary goods
- b. Substitute goods
- c. Inferior goods
- d. Abnormal goods

44. The extent of the change of demand for a commodity to a given change in ____, other demand determinants remaining constant, is termed as the ____ of demand

- a. Price, price elasticity
- b. Price, cross elasticity
- c. income, price
- d. none of these

45. Assume in a competitive market that price is initially above the equilibrium level. We can predict that price will

- a. Decrease, quantity demanded will decrease and quantity supplied will increase
- b. Decrease and quantity demanded and quantity supplied will both decrease

- c. Decrease, quantity demanded will increase and quantity supplied will decrease
 d. Increase, quantity demanded will decrease and quantity supplied will increase

46. Which of the following statement is incorrect?

- a. If demand increases and supply decreases, equilibrium price will rise
 b. If supply increases and demand decreases, equilibrium price will fall
 c. If demand decreases and supply increases, equilibrium price will rise
 d. If supply declines and demand remains constant, equilibrium price will rise

47. The demand for a product would be more inelastic

- a. The greater is the time under consideration
 b. The greater is the number of substitute available to buyers
 c. The less expensive is the product in relation to incomes
 d. All of the above

48. Giffen goods may be defined as those goods whose price effect is ____ and income effect is ____

- a. Positive, negative
 b. Negative, positive
 c. positive, elastic
 d. negative, elastic

49. Put these concepts in chronological order of their development

1. Law of demand
 2. Law of indifference
 3. Law of diminishing MU
 4. Revealed preference theory
 5. Indifference curve

Codes

- a. 1 3 2 4 5
 b. 1 2 3 4 5
 c. 1 3 2 5 4
 d. 1 5 2 4 3

50. Good Y is substitute for good X, if

1. A fall in price of good X leads to the fall in the marginal utility of good Y
 2. A fall in price of good X leads to the fall in the quantity purchased of good Y.

Codes

- a. 1
 b. 2
 c. both 1 and 2
 d. neither 1 nor 2

51. Consider the following statements.

1. Demand is always related to price and time.
 2. Individual demand is the sum total of individual demand function
 3. Demand is desire or want back of money
 4. Which of the statement given above is correct

- a. 1 2
 b. 1
 c. 2
 d. all of the above

52. Which of the following statements are correct?

- a. Degree of responsiveness of demand to a given change in its price is price elasticity of demand
 b. Degree of responsiveness of demand for one good to change in price of other good is income elasticity of demand.
 c. Both a and b

d. None of the above

53. Which of the following statements are incorrect?

- a. There exists an inverse relationship between demand for commodity and its price in case of complementary goods.
- b. There exists direct relationship between demand for commodity and its price in case of substitute goods
- c. Both a and b
- d. None of the above

54. Consider the following statements

- 1. Decrease in demand is caused by change in factors other than own price of the commodity.
 - 2. Constriction of demand is caused by decrease in own price of the same commodity.
 - 3. Extension of demand is caused by increase in own price of the same commodity.
- Which of the statement given above is correct?

- a. Only 1
- b. both 1 2
- c. both 2 and 3
- d. none of these

55. Which of the following statement is true?

- a. In inferior goods, the income and substitution effects are negative
- b. In inferior goods, the income and substitution effects are positive
- c. In case of inferior goods, the income effect is negative although the substitution effect is positive
- d. In case of inferior goods, the income effect is positive although the substitution effect is negative

56. Demand for safety pins is

- a. Elastic
- b. inelastic
- c. unity
- d. none of these

57. In general the demand for necessities is relatively

- a. Inelastic
- b. elastic
- c. unity
- d. none of these

58. Unitary elasticity of demand refers to

- a. Proportionate change in price and quantity
- b. More than proportionate change in price
- c. Less than proportionate change in price
- d. None of the above

59. The elasticity of demand for luxury good is

- a. Infinite
- b. more than one
- c. less than one
- d. equal to one

60. Formula for price elasticity of demand is

61. Which one is the technique of measuring elasticity of demand?

- a. Total outlay method
- b. Arc method
- c. point method
- d. all of these

62. The demand for life saving drugs

- a. Elastic b. inelastic c. infinity d. none of these

63. When demand for the product increases in the same proportion in which income increases, income elasticity of demand will be equal to

- a. Unity b. elastic c. inelastic d. none of these

64. The price elasticity of demand is the

- a. Ratio of percentage change in quantity demanded to the percentage change in price
b. Ratio of the change in price to the change in quantity demanded
c. Ratio of the change in quantity demanded to the change in price
d. Ratio of the percentage change in price to the percentage change in quantity demanded

65. Elasticity of demand measures the

- a. Volume of product
b. Sensitivity of sales to change in a particular causal factor
c. Value of price and cost
d. Sensitivity of production to change in a particular cost

66. When demand is inelastic, an increase in the price of a commodity causes the total expenditures of a consumers of the commodity to

- a. Increase b. decrease c. remain unchanged d. none of these

67. Demand is elastic when

- a. Change in price does not change the demand
b. Change in fashion causes a great change in demand
c. Change in income causes a change in demand
d. Small change in price causes big changes in demand

68. Demand for electricity is elastic because

- a. It is very expensive b. It has alternative uses
c. It has a number of close substitutes d. None of the above

69. $\% \text{ change in quantity demanded of good x} / \% \text{ change in the price of good y}$
This formula indicates to

- a. Cross price elasticity of demand b. Income elasticity of demand
c. Price elasticity of supply d. Cost elasticity of supply

70. The nature of cross price elasticity of demand in case complementary products will be

- a. Positive b. negative c. both a and b d. zero

71. What is the nature of elasticity of demand for luxury item like high class furniture?

- a. Unit elastic c. fairly elastic
b. Highly elastic d. zero elastic

72. Elasticity of demand is based on which of the following factors?

- a. Range of substitutes available
- b. Joint demand
- c. Proportion of income spent on the commodity
- d. All of the above

73. The responsiveness of changes in quantity demanded to change in price of other commodity is known as

- a. Price elasticity of demand
- b. Income elasticity of demand
- c. Cross elasticity of demand
- d. None of the above

74. The responsiveness of changes in quantity demanded to change in price is known as

- a. Price elasticity of demand
- b. Income elasticity of demand
- c. Cross elasticity of demand
- d. None of the above

75. Types of income elasticity of demand is

- a. Negative income elasticity
- b. Zero income elasticity
- c. Unit income elasticity
- d. All of the above

76. The concept of price elasticity of demand measures

- a. The slope of the demand curve
- b. The number of buyers in a market
- c. The extent to which the demand curve shifts as the result of a price decline
- d. The sensitivity of consumers to price change

77. If a demand for a product is said to be elastic the value of the elasticity coefficient is

- a. Zero
- b. Greater than one
- c. equal to one
- d. less than one

78. The various degrees of price elasticity of demand can be shown on a single demand curve as per which one of the following?

- a. Total outlay method
- b. Proportional method
- c. Arc method
- d. Geometrical method

79. Which of the following statements are incorrect?

- a. Elastic demand curve is shown by letter demand curve
- b. Perfectly inelastic demand curve will be a horizontal straight line
- c. Both a and b
- d. None of the above

80. Calculate elasticity of demand when a 60% increase in the price of rice causes the amount of rice you buy to fall by 120%.

- a. 2
- b. 4
- c. 6
- d. 8

81. When the income elasticity of demand is greater than unity, the commodity is

- a. A necessity
- b. a luxury
- c. inferior good
- d. non-related good

82. Income elasticity is computed by the formula

83. The formula for calculating arc elasticity is

84. Elasticity of demand measures the

- a. Responsiveness of sales to change in advertisement expenditure
- b. Responsiveness of demand to change in supply of goods
- c. Change in price due to change in demand
- d. Change in demand due to change in tastes of consumers

85. Cross elasticity of complementary goods is

- a. Negative
- b. Zero
- c. infinite
- d. unitary

86. The larger the co-efficient of price elasticity of demand for a product the

- a. Larger the resulting price change for a given increase in supply
- b. More rapid the rate at which the marginal utility of that product diminishes
- c. Less competitive will be the industry supplying that product
- d. Smaller the resulting price change for a given increase in supply

87. Elasticity is commonly stated in the form of

- a. 1% change
- b. 5% change
- c. 5% change
- d. all of the above

88. If the cross price elasticity of demand between two goods is negative, then the two goods are

- a. Unrelated goods
- b. Substitutes
- c. complements
- d. normal goods

89. Income elasticity of demand is the percentage change in quantity demanded divided by the percentage change in income. Which type of goods have negative income elasticity of demand?

- a. Inferior goods
- b. Normal goods
- c. substitute goods
- d. complementary goods

90. Price discrimination is profitable and possible if the two markets have

- a. Equal elasticity of demand
- b. Different elasticity of demand
- c. Inelastic demand
- d. Highly elastic demand

91. Consider the following statements.

- 1. The demand for necessities is inelastic.
 - 2. Demand for luxuries is elastic.
 - 3. A product which has several uses has an elastic demand.
- Which of the statements given above are correct

- a. 3
- b. 2 3
- c. 1 2
- d. all of the above

92. Statement I. The objective of finance function is wealth maximization.
Statement II. The objective of finance function is profit maximization

Codes

- a. Both statements are correct
- b. Both statements are incorrect
- c. Statement I is correct statement II is incorrect
- d. Statement I is correct, statement II is correct

Directions (Q. Nos 93-98) In the questions given below are two statements labelled as Assertion A and Reason R. in the context of these two statements, which one of the following is correct?

- a. Both A and R are true
- b. Both A and R are false
- c. A is true but R is false
- d. R is true but A is false

93. Assertion (A). Business economics is tool centric facilitating decision making in business.
Reason (R). it provides an analytical understanding of economic activities.

94. Assertion (A) Demand curve shows that price and quantity demanded are inversely related.
Reason (R) demand curve illustrates the inverse relationship between the rate of change of demand and price.

95. Assertion (A) the law of demand states that when price falls demand rises and vice-versa.
Reason (R) the law of demand indicates the relationship between the price of commodity and the quantity demanded.

96. Assertion. Demand for a commodity refers to quantity of the commodity demanded at a certain price during any particular period of time.
Reason. Contraction of demand is the result of increase in the price of the good concerned.

97. Assertion. Baumols theory found that short run revenue maximization may be consistent with long-run as well.
Reason. Sales maximization is a long run goal.

98. Assertion. The demand for inferior goods has negative income elasticity.
Reason. Negative income elasticity refers to decrease in income owing to increase in price of a commodity.

Directions (Q nos 99-103) In the questions given below are two statements labelled as Assertions (A) and Reason (R). in the context of these two statements which one of the following is correct?

- a. Both A and R are true and R is the correct explanation of A
- b. Both A and R are true but R is not the correct explanation of A
- c. A is true but R is false
- d. A is false but R is true

99. Assertion Giffen goods face negative price effect.
Reason. Giffen goods has a low demand with rise in its price.

100. Assertion. Extension of demand is shown as a downward movement on same demand curve.

Reason Extension of demand is caused due to change in other factors affecting demand.

101. Assertion Inferior goods face positive income effect.

Reason. Demand of inferior goods decreases as income of buyer rises.

102. Assertion. Demand curve for perfectly elastic demand is a vertical straight line.

Reason. Perfectly elastic demand is expressed as $e=0$

103. Assertion. Elastic demand curve is shown by rectangular hyperbola.

Reason. Elastic demand shows no change in demand due to price movement.

104. Match the following

List-I	List-II
a. Graphical presentation of demand for a consumer	1. Individual demand
b. Horizontal summation of quantity	2. Market demand

Codes:

- A B
- a. 1 2
- b. 2 1
- c. both are incorrect
- d. 1 1

105. Match the following

List-I	List-II
a. Normal demand curve	1. Vertical straight line
b. Income consumption curve	2. Downwards to the right
c. Inelastic demand curve	3. Upwards to the right

Codes:

- A B C
- a. 2 3 1
- b. 1 3 2
- c. 2 1 3
- d. 1 2 3

106. Match the following

List-I	List-II
a. Substitute goods	1. Income effect is positive
b. Complementary goods	2. Tea and coffee

c. Normal goods	3. Car and petrol
d. Inferior goods	4. Income effect is negative

Codes:

	A	B	C	D
a.	2	3	1	4
b.	1	2	3	4
c.	1	4	3	2
d.	4	3	2	1

107. Match the following

List-I	List-II
a. Robinson	1. The elasticity of demand at any point or at any output is the proportional change of amount purchased in response to a small change in price divided by the proportional change in price.
b. Boulding	2. The elasticity of demand may be defined as the percentage change in quantity demanded, which would result from 1% change in price.
c. Caim cross	3. The elasticity of demand for a commodity is the rate at which the quantity bought changes as the price changes.
d. Marshall	4. The elasticity for demand in a market is large or small according to how the amount of demand increases for a given fall in price and diminishes more or less for a given rise in prices

Codes

	A	B	C	D
a.	1	3	4	2
b.	1	2	4	3
c.	1	3	2	4
d.	1	2	3	4

108. Match the following

List-I	List-II
a. Cross demand is the change in the	1. Relationship between the price of a

quantity demanded of a given commodity in response to the	commodity and the quantity demanded
b. The elasticity of demand for product will be higher	2. Change in the price of another commodity
c. The law of demand indicates	3. When price falls demand rises
d. The law of demand states	4. The more available are substitutes for that product.

Codes:

	A	B	C	D
a.	2	4	1	3
b.	1	2	3	4
c.	4	1	3	2
d.	3	2	1	4

109. Match the following

List-I	List-II
a. Equilibrium price is the price where the	1. Complimentary goods
b. Excess supply can be defined as	2. Quantity demanded = quantity supplied
c. Tea and sugar	3. Quantity demanded – quantity supplied
d. Excess demand can be defined as	4. Quantity supplied – quantity demanded

Codes

	A	B	C	D
a.	2	4	1	3
b.	1	2	3	4
c.	4	1	3	2
d.	3	2	1	4

110. Match the following

List-I	List-I
a. Increase in demand	1. Leftward shift of the demand curve
b. Extension of demand	2. Upward shift of the demand curve
c. Decrease in demand	3. Upward movement on the demand curve
d. Constriction of demand	4. Downward movement on the demand curve

Codes

	A	B	C	D
a.	2	4	1	3
b.	1	2	3	4

- c. 4 1 3 2
- d. 3 2 1 4

111. Match the following

List-I	List-II
a. Normal demand curve	1. Vertical straight line
b. Income consumption curve	2. Downwards to right
c. Inelastic demand curve	3. Infinity
d. Cross elasticity of demand between two perfect substitute will be	4. Upwards to the right

Codes:

- A B C D
- a. 2 4 1 3
- b. 1 2 3 4
- c. 4 1 3 2
- d. 3 2 1 4

112. Match the following

List-I	List-II
a. Essential goods	1. Less than proportionate change in sale
b. Comforts	2. Almost proportionate change in sale
c. Luxuries	3. More than proportionate increase in sale
d. Prestige goods	4. Increase in sale

Codes:

- A B C D
- a. 1 2 3 4
- b. 2 1 3 4
- c. 2 4 1 3
- d. 3 1 2 4

113. match the following

List-I	List-II
a. law of demand is fully applicable	1. giffen goods not applicable
b. law of demand is not applicable at all	2. veblon goods partly applicable
c. law of demand is partly applicable	3. normal goods fully applicable

Codes

- A B C

- a. 1 2 3
- b. 2 3 1
- c. 3 1 2
- d. 2 1 3

114. match the following

List-I	List-II
a. perfectly elastic demand	1. $e_0 = 1$
b. elastic demand	2. $e_0 > 1$
c. inelastic demand	3. $e_0 = 0$
d. perfectly inelastic demand	4. $e_0 = \infty$
e. unitary elastic demand	5. $e_0 < 1$

Codes

- | | A | B | C | D | E |
|----|---|---|---|---|---|
| a. | 2 | 5 | 3 | 1 | 4 |
| b. | 4 | 2 | 5 | 3 | 1 |
| c. | 3 | 1 | 5 | 2 | 4 |
| d. | 1 | 2 | 3 | 4 | 5 |

115. question

116. match the following

List I	List-II
a. $e = 0$	1. increase
b. $e < 1$	2. decrease
c. $e = 1$	3. no change
d. $e = \infty$	4. decrease to zero

Codes:

- | | A | B | C | D |
|----|---|---|---|---|
| a. | 1 | 2 | 3 | 4 |
| b. | 1 | 3 | 4 | 2 |
| c. | 2 | 1 | 3 | 4 |
| d. | 4 | 3 | 1 | 2 |

117. match the following

List-I	List-II
--------	---------

a. prof Robin	1. security profits
b. prof Milton kafogls	2. marris growth maximization
c. prof Rothschild	3. output maximization

Codes:

	A	B	C
a.	1	2	3
b.	2	3	1
c.	3	1	2
d.	2	1	3

118. match the following

List-I	List-II
a. decrease in own price	1. contraction in demand
b. unfavorable change in taste	2. extension in demand
c. increase in own price	3. decrease in demand

Codes

	A	B	C
a.	2	1	3
b.	2	3	1
c.	1	2	3
d.	3	2	1

ANSWER KEYS

1=A	2=D	3=D	4=D	5=D	6=C	7=C	8=D	9=D	10=A
11=D	12=B	13=B	14=C	15=B	16=C	17=D	18=A	19=D	20=A
21=D	22=A	23=B	24=D	25=A	26=C	27=C	28=C	29=C	30=D
31=A	32=A	33=C	34=D	35=D	36=C	37=B	38=B	39=A	40=B
41=D	42=A	43=A	44=A	45=C	46=B	47=C	48=A	49=C	50=C
51=A	52=A	53=A	54=A	55=C	56=B	57=A	58=A	59=A	60=B
61=D	62=B	63=A	64=A	65=A	66=A	67=D	68=B	69=A	70=B
71=B	72=D	73=C	74=A	75=D	76=D	77=B	78=D	79=B	80=A
81=B	82=B	83=A	84=A	85=A	86=D	87=A	88=C	89=A	90=B
91=D	92=A	93=A	94=A	95=A	96=A	97=C	98=C	99=B	100=C
101=D	102=B	103=B	104=B	105=A	106=A	107=D	108=A	109=A	110=A
111=A	112=A	113=C	114=B	115=B	116=A	117=B	118=B		

PREVIOUS YEAR' QUESTIONS (2004-2019)

1. cardinal utility analysis of consumers behavior is based on which combination of the following assumptions.
1. Utility is measurable in terms of cardinal number.
 2. Constancy of the marginal utility of money.
 3. Utilities of different goods are interdependent.
 4. Gossans first law of consumption.

Codes

- a. 1 2 b. 1 2 4 c. 2 3 4 d. 3 4

2. Match the items of list-I with items of list-II and choose the correct answer from the code given below

List-I	List-II
a. Income elasticity less than unity	1. Competitive goods
b. Cross elasticity less than unity	2. Inferior goods
c. Cross elasticity less than zero	3. Superior goods
d. Income elasticity less than zero	4. Complementary goods

Codes:

- | | | | | |
|----|---|---|---|---|
| | A | B | C | D |
| a. | 1 | 2 | 3 | 4 |
| b. | 4 | 3 | 2 | 1 |
| c. | 3 | 1 | 4 | 2 |
| d. | 4 | 1 | 2 | 3 |

3. The inverse relationship between the variation in the price and the variation in the quantity demanded is not due to

- | | |
|-----------------------------|-------------------------------|
| a. Price effect | c. gossans law of consumption |
| b. Entry and exit of buyers | d. law of substitution |

4. A firm that produces highly substitute goods can adopt which one of the following pricing strategies?

- | | |
|-----------------------|----------------------|
| a. Transfer pricing | c. product bundling |
| b. Going rate pricing | d. full cost pricing |

5. Statement I. Business decision makers deal with the complex, rather chaotic, business conditions of the real world and have to find the way to their destination, that is achieving the goal that they set for themselves.

Statement II. Even without application of economic logic and tools of analysis, business decision are always rational and real and are not counter-productive.

Codes:

- a. Both the statements are correct
- b. Both the statements are incorrect
- c. Statement I is correct while statement II is incorrect

d. Statement I is incorrect while statement II is correct.

6. Statement I. Point price elasticity of demand in terms of marginal and average revenues can be **measured** with the following formula $AR/AR-MR$
Statement II The point price elasticity of demand is the product of the slope of the demand function and the ratio between corresponding price and quantity.

Codes

- a. Both the statements are correct
b. Both the statements are incorrect
c. Statement I is correct while statement II is incorrect
d. Statement I is incorrect while statement II is correct

7. Match the items of list-I with items of list-II and indicate the code of their correct matching.

List-I	List-II
a. Non-price quantity relationships of demand	1. Extension and contraction of demand
b. Income effect of a price rise greater than its substitution effect	2. Ordinal utility approach
c. Transitivity and consistency of choices	3. Increase and decrease in demand
d. Price quantity relationship of demand	4. Giffen goods

Codes:

	A	B	C	D
a.	4	2	3	1
b.	2	1	4	3
c.	3	4	2	1
d.	1	2	3	4

8. Match the following

List-I	List-II
a. Substitute goods	1. Negative cross elasticity
b. Complementary goods	2. Low price elasticity
c. Giffen goods	3. Positive cross elasticity
d. High income group consumption goods	4. Positive price elasticity

Codes

	A	B	C	D
a.	3	4	2	1
b.	3	1	4	2
c.	2	3	1	4
d.	1	2	3	4

9. Assertion The quantity of a commodity demanded invariably changes inversely to changes in its price

Reason The price effect is the net result of the positive substitution effect and negative income effect

Codes

- a. Both A and R are true
b. A is true but R is false
c. A is false but R is true
d. both A and R are false

10. A rectangular hyperbola shaped demand curve on all its points has

- a. Equal slopes of the price demand curve
b. Price elasticity equal to unit
c. Varying price elasticity
d. Both slope and price elasticity equal

11. The following is the demand function in the small market $= 50 - 5P$

Where Q denotes quantity in physical units and P denotes price of the commodity. At price Rs 5, the point price elasticity of demand would be

- a. Zero
b. equal to unity
c. highly elastic
d. highly inelastic

12. The inverse relationship variations in the price and quantity demanded is not due to

- a. Income effect
b. Substitution effects
c. future expectations
d. law of diminishing marginal utility

13. Match the following

List-I	List-II
a. Zero income elasticity	1. Substitute goods
b. Unit cross elasticity	2. Complementary goods
c. Positive cross elasticity	3. Indifferent goods
d. Negative cross elasticity	4. Independent goods

Codes

- | | | | | |
|----|---|---|---|---|
| | A | B | C | D |
| a. | 3 | 2 | 1 | 4 |
| b. | 2 | 3 | 4 | 1 |
| c. | 3 | 4 | 1 | 2 |
| d. | 4 | 1 | 2 | 3 |

14. Which one of the following does not explain the basic nature of business economics?

- a. Behavior of firms in theory and practice
b. Distribution theories like rent, wages and interest along-with the theory of profit
c. Use of the tools of economic analysis in clarifying problems in organizing and evaluating information and in comparing alternative courses of action
d. Integration of economic theory with business practices for the purpose of facilitating decision making.

15. A rectangular hyperbola shaped demand curve on all its points has

- a. Equal slopes and equal point elasticity's
- b. Unequal slopes and unequal point elasticity's
- c. Unequal slope and equal point elasticity's
- d. Equal slopes and unequal point elasticity's

16. A measure of the responsiveness of quantity demanded to changes in the price of a related good is known as

- a. Cross elasticity of demand
- b. Substitution elasticity of demand
- c. Complementary elasticity of demand
- d. Price elasticity of demand

17. There is no exceptions to the law of demand in the case of

- a. Giffen goods
- b. Normal goods
- c. articles of conspicuous consumption
- d. ignorance of the buyer

18. What is the degree of elasticity of demand in case the demand is represented by a straight line parallel to

- a. $e > 1$
- b. $e = 0$
- c. $e = \infty$
- d. $e < 1$

19. match the following

List-I	List-II
a. contraction of demand	1. non-price change effect
b. decrease in demand	2. Demand curve remains the same
c. Increase in demand	3. Price change effect
d. Expansion of demand	4. Shifts the demand curve

Codes

	A	B	C	D
a.	3	2	4	2
b.	4	3	2	1
c.	1	2	3	4
d.	2	4	1	3

20. Demand must have the elements

- a. Desire
- b. want
- c. quantity, price and time
- d. all of these

21. Business economics is a subject which

- a. Studies economic relationships
- b. Studies economic activities at the aggregate level
- c. Deals with the tools of economics used for decision making in business
- d. Studies optimum allocation of limited resources

22. Assertion The demand curve has negative slope showing inverse relationship between price and the quantity demanded

Reason It applies only to giffen goods

Codes

- a. Both A and R are true b. A is true but R is false
c. A is false but R is true d. Both A and R are false

23. Which kind of economics explains the phenomenon of cause and effect relationships

- a. Normative c. micro
b. Positive d. macro

24. If price of any commodity decrease by 20% and the demand for that commodity increase by 40% then elasticity of demand would be

- a. Perfectly elastic b. Perfectly inelastic
c. Unit elastic d. Highly Eleatic

25. Which one of the following statement is true?

- a. In case of inferior goods, the income effect is negative although the substitution effect is positive
b. In inferior goods the income and substitution effect is positive
c. In inferior goods the income and substitution effect are negative
d. In case of inferior goods the income effect is positive althorugh the substitution effect is negative

26. Normal demand drives slopes

- a. Upward b. downward c. horizontal d. vertical

Answer keys

1=B	2=C	3=B	4=B	5=C	6=A	7=C	8=B	9=A	10=D
11=B	12=C	13=C	14=B	15=C	16=A	17=B	18=C	19=A	20=D
21=C	22=B	23=B	24=D	25=A	26=B				

PRACTICE SETS'

1. Production function is based on which combination of the main feature of the inputs from the following

- 1.Substitutability 3. Flexibility
2.Complementarity 4. Specificity

Codes

- a. 1 2 b. 1 3 4 c. 1 2 4 d. 3 1

2. The following are the two statements regarding concept of profit. Indicate the correct code of the statements being correct or incorrect.

Statement I Accounting profit is a surplus of total revenue over and above all paid out costs, including both manufacturing and overhead expenses

Statement II Economic or pure profit is a residual left after all contractual costs have been met, including the transfer costs or management, insurable risks, depreciation and payments to shareholders sufficient to maintain investment at its current level

Codes

- Both the statements are correct
- Both the statements are incorrect
- Statement I is correct while statement II is incorrect
- Statement I is incorrect while statement II is correct

3. Which one of the following sets is incorrect to show the inter-relationships among price elasticity coefficient, change in price and change in total revenue?

Price elasticity coefficient	Change in price	Change in total revenue
a. Zero	Increase Decrease	Increase Decrease
b. Less than 1	Increase Decrease	Decrease Increase
c. Equal to 1	Increase Decrease	No change No change
d. More than 1	Increase Decrease	Decrease increase

4. Which one of the following is not the basic property of indifference curve?

- Indifference curves have a negative slope
- Indifference curves of imperfect substitutes are concave to the origin
- Indifference curves do not intersect nor are they tangent to one another
- Upper indifference curves indicate higher level of satisfaction

5. Match the following

List-I	List-II
a. Economies of scale	1. Arise with lower average costs of manufacturing a product when two complementary products are produced by a single firm.
b. Internal economies	2. Mean lowering of costs of production by producing in bulk
c. External economies	3. Arise when cost per unit depends on size of the firm
d. Economies of scope	4. Arise when cost per unit depends on the size of the industry not the firm

Codes

- | | | | |
|------|---|---|---|
| A | B | C | D |
| a. 2 | 4 | 1 | 3 |

b. 1	2	3	4
c. 2	3	4	1
d. 4	3	2	1

ANSWER KEYS

1=C	2=A	3=B	4=B	5=C
-----	-----	-----	-----	-----

6. Which one of the following statements is true?

- a. Pure profit is the return in excess of the opportunity cost
- b. Accounting profit is the excess of total revenue over and above the explicit and implicit costs
- c. Profit maximization is the sole objective of the modern firms
- d. Profit is maximum when the difference between marginal revenue and marginal cost is maximum

7. Which one of the following is not the basic property of indifference curves?

- a. Negative slope
- b. Indifference curves of two imperfect substitutes are concave to the point of origin
- c. The indifference curves do not intersect nor are they tangent to one another
- d. Upper indifference curves indicate a higher level of satisfaction

8. Statement I The least-cost or optimal input combination of labour capital requires that the marginal revenue productivity ratio of the two inputs should be equal to their price ration.

Statement II In a hypothetical production function of the following form $Q = L^3 + 15L^2 + 10$

Where Q = quantity of the product and L = No of variable input the marginal physical productivity of labour is $L^2 + 15L + 10$

Codes

- a. Both statements are true
- b. Both statements are false
- c. Statement I is true while statement II is false
- d. Statement I is false while statement II is true

9. From the following two statements of Assertion and Reason, indicate the correct code

Assertion From the marginal costing approach point of view, the marginal cost is compared with the purchase price.

Reason If the marginal cost is less than the purchase price it should be purchased rather than manufactured

Codes

- a. Both A and R are correct
- b. A is correct but R is not correct
- c. A is not correct but R is correct
- d. Both A and R are incorrect

10. The short run production function for a firm is as follows

$$Q = -L^3 + 15L^2 + 10L$$

Where Q denotes total output in physical units and L denotes units of labour which are homogeneous but are not perfectly divisible and change in labour does not tend to become zero.

Statement I In this production function, the marginal product of 5th unit of labour is 85.

Statement II similarly in this production function, the average product of the 5th unit of labour is 60.

Codes

- a. Both the statements are true
- b. Both the statements are false
- c. Statement I is true while statement II is false
- d. Statement I is false but statement II is true

11. Ordinal utility analysis of the consumers behavior is considered superior to the cardinal utility analysis mainly due to

- a. Assumption of the rationality of the consumers behavior
- b. Possibility of the derivation of the consumers demand
- c. Bifurcation of price effects into income and substitution effects
- d. Consideration of the available limited resources for satisfying consumers demand.

12. The minimum long run average cost can be determined on a

- 1. LAC curve for a normal production function.
- 2. LAC curve for a linear production function
- 3. Planning curve
- 4. Envelope curve

Codes

- a. 1 2 3
- b. 2 3 4
- c. 1 3 4
- d. 1 2 4

13. When labour is plotted on X axis and capital is plotted on Y axis and an isoquant is prepared, then which of the following statements are false?

- 1. Marginal rate of technical substitution of labour for capital is equal to the slope of the isoquant.
- 2. Marginal rate of technical substitution of labour for capital is equal to change in the units of capital divided by the change in the units of labour.
- 3. Marginal rate of technical substitution of labour for capital is the ratio of marginal productivity of capital to marginal productivity of labour.

Codes

- a. 1 2
- b. 3
- c. 1
- d. 2

14. Match the following

List-I	List-II
a. Convexity of the indifference curve to origin	1. Indifference curve analysis
b. Quantity of certain goods sacrificed	2. Consumers equilibrium

for a large quantity of other goods.	
c. Equality of the ratio of the marginal utilities with that of the prices of the two goods	3. Substitutability or complementarity of the two goods
d. Separation of substitution and income effects from the total price effect	4. Marginal rate of substitution

Codes

	A	B	C	D
a.	4	2	1	3
b.	3	4	2	1
c.	3	1	4	2
d.	1	3	2	4

15. In case the elasticity of demand on an average revenue curve is equal to unity, the marginal revenue will be

- a. More than unity
b. Equal to unity
c. equal to a fraction of unity
d. equal to zero

16. The marshallian utility analysis is based on a less valid assumption of

- a. Cardinal measurability of the utility
- b. Given marginal utility of money
- c. Diminishing marginal utility of the goods
- d. Additively of the utility

17. Match the following

List-I	List-II
a. Q=10.2 K0.19 L0.88	1. CONSTANT RETURNS TO SCALE
b. Q=1.01 L0.75 K0.25	2. DIMINISHING RETURNS TO SCALE
c. Q=0.84 L0.63 K 0.3	3. INCREASING RETURNS TO SCALE

Codes

	A	B	C
a.	1	2	3
b.	2	1	3
c.	2	3	1
d.	1	3	2

18. Which one of the following statement is false?

- Normally a price demand curve slopes downward from left to right
- Economics of scale and economies of slope are the same
- For optimization equality between marginal cost and marginal revenue is a necessary condition but it is not a sufficient one
- Law of variable proportions denotes input-output relationship during short run

19. Match the following.

List-I	List-II
a. Law of diminishing marginal utility	1. Cross demand
b. Relationship between price of one commodity and demand for other commodity	2. Oligopoly
c. Skimming the cream policy	3. Cardinal approach
d. Price rigidity	4. Pioneer pricing

Codes

	A	B	C	D
a.	1	2	3	4
b.	3	1	2	4
c.	2	4	1	3
d.	4	3	2	1

20. Consumer is said to be in equilibrium maximizing his total utility when

- The marginal utilities of the two goods consumed are equal
- The proportions of the marginal utilities and respective prices are equal
- The consumer gets full satisfaction from the consumption
- The consumer feels satisfied with his expenditure on the various goods

21. Statement I The isoquant curves are drawn convex to the origin due to diminishing technical rate substitution.

Statement II The lesser the convexity of the isoquant curve, the greater the possibility of the complementarity of the two inputs.

- Both statements are true
- Statement I is true but statement II is false
- Statement I is false but statement II is true
- Both statements are false

22. Marginal costing technique is useful for

- Make or buy decisions
- Profit planning
- Shutdown decisions
- All of the above

23. At a point of satiety for a commodity the marginal utility is

- Negative
- Positive
- zero
- highly positive

24. Match the following

List-I	List-II
a. Excess of profit total revenue over total explicit cost	1. Normal profit
b. Total profit revenue equals total	2. Economic profit

economic cost	
c. Excess of total revenue over total of explicit and implicit costs and a normal rate of return	3. Accounting profit

Codes

	A	B	C
a.	3	1	2
b.	2	1	3
c.	1	2	3
d.	1	3	2

25. Assertion (A) A monopoly firms revenue curve is downward sloping from left to right.
Reason (R) The monopoly firm does not simultaneously enjoy the freedom to determine both price and quantity to be sold according to its whims and fancy.

Codes

- a. Both A and R are true
- b. Both A and R are false
- c. A is true but R is false
- d. A is false but R is true

26. Match the following

List-I	List-II
a. Cross elasticity is zero	1. Price=AVC
b. Shut down point	2. Two commodities are independent
c. Slutsky theorem	3. Transformation line
d. Production possibility	4. Substitution effect

Codes

	A	B	C	D
a.	2	4	1	3
b.	3	2	1	4
c.	1	3	2	4
d.	2	1	4	3

27. The consumer is said to be in equilibrium when he plans his expenditure on x, y and z commodities in such a way that he ultimately attains

- a. $MU_x = MU_y = MU_z$
- b. $MU_x/P_x = MU_y/P_y = MU_z/P_z$
- c. $MU_x/P_x = MU_y/P_y = MU_z/P_z = MUM$
- d. $MU_x/P_x < MU_y/P_y < MU_z/P_z < MUM$

28. Match the following

List-I	List-II
a. Monopoly	1. Price taker
b. Monopolistic competition	2. Homogeneous products price maker
c. Perfect competition	3. Heterogeneous product
d. Oligopoly	Price rigidity

Codes

	A	B	C	D
a.	2	3	1	4
b.	1	2	4	3
c.	3	4	2	1
d.	4	1	3	2

29. Optimal input combination to minimize the cost for a given output will be at the point where

- Isocost is tangent to isoquant
- MRTS between inputs is equal
- Any movement from optimum point will lead to low level of output
- All of the above conditions are fulfilled

30. Match the following

List-I	List-II
a. Indifference curve	1. Slopes downward to the right
b. Demand curve	2. $P=AR=MR=d$
c. Perfect competition	3. Oligopoly
d. Price leadership	4. Convex to the origin

Codes

	A	B	C	D
a.	2	3	4	1
b.	3	4	1	2
c.	4	1	2	3
d.	1	2	3	4

31. Assertion A. want satisfying power of a commodity is called its utility.
Reason R. utility may not have the feature of morality.

Codes

- Both A and R are correct
- A is correct but R is not correct
- Both A and R are not correct
- R is correct but A is not correct

32. Assertion A. As the proportion of one variable factor in a combination with fixed factor is increased after a point the marginal product of the factor will diminish.
Reason R. beyond the level of optimum combination of inputs leads to this.

Codes

- a. R is appropriate reason of A
- b. R is not appropriate reason of A
- c. A and R are not related with each other
- d. A is independent of R

33. Price marginal revenue and elasticity are related to each other. When $e=1$, then

- a. $MR > 0$
- b. $MR < 0$
- c. $MR = 0$
- d. $MR = 1$

34. Match the following

List-I	List-II
a. Utilitarian approach	1. Marginal rate of substitution
b. Ordinal approach	2. Budget line and indifference curve
c. Price consumption curve	3. $U = f(x, y)$
d. Consumer equilibrium	4. $MRS_{xy} = MR_{sxy}$

Codes

- | | A | B | C | D |
|----|---|---|---|---|
| a. | 1 | 4 | 3 | 2 |
| b. | 2 | 3 | 4 | 1 |
| c. | 3 | 1 | 2 | 4 |
| d. | 4 | 2 | 1 | 3 |

35. Assertion A. Marginal cost and differential cost do not convey the same meaning in all the circumstances.

Reason R. Differential cost increases or decreases due to change in fixed cost

Codes:

- a. Both A and R are true and R is the correct explanation of A
- b. Both A and R are true but R is not the correct explanation of A
- c. A is true but R is false
- d. A is false but R is true

36. When average cost is declining

- a. Marginal cost must be declining
- b. Marginal cost must be above average cost
- c. Marginal cost must be below average costs
- d. Marginal cost must be rising

37. Assertion A. Total utility will be maximum when marginal utility to price of respective products are equal.

Reason R. Deviation from this situation leads to reduction in maximum utility

Codes

- a. Both A and R are true
- b. Both A and R are false
- c. A is true but R is false
- d. A is false but R is true

Answer keys

1=C	2=A	3=B	4=B	5=C	6=A	7=B	8=D	9=D	10=B
11=C	12=D	13=C	14=B	15=D	16=A	17=B	18=B	19=B	20=B
21=B	22=C	23=C	24=A	25=C	26=D	27=C	28=A	29=A	30=C
31=A	32=A	33=C	34=C	35=C	36=C	37=C			

EXPECTED MCQs

1. From the following determinants of the price elasticity of demand, indicate the correct code for the determinants having a positive relationship with the degree of the price elasticity of demand.

- 1. range of substitutes of the commodity.
- 2. Extent of the different uses of the commodity
- 3. portion of the income of the buyer spent on the commodity
- 4. income group of buyers purchasing the commodity

Codes

- a. 1 2
- b. 3 4
- c. 1 2 3
- d. 2 3 4

2. Match the following

List-I	List-II
a. marginal productivity / average productivity	1. Isoquant curve
b. Substitutability of inputs	2. Isocost line
c. constant negative slope	3. production of function
d. convex to origin	4. elasticity of production

Codes

- | | | | | |
|----|---|---|---|---|
| | A | B | C | D |
| a. | 1 | 2 | 3 | 4 |
| b. | 2 | 1 | 4 | 3 |
| c. | 4 | 3 | 2 | 1 |
| d. | 3 | 4 | 1 | 2 |

3. From the following two statements of Assertion and Reason suggest the correct code

Assertion The equilibrium price is decided at the level where the quantity demanded equals the quantity supplied.

Reason At this level excess of demand and excess of supply both remain zero.

Codes

- a. A is correct but R is incorrect
- b. A is incorrect but R is correct

- c. A and R both are correct but R is not right explanation of A
d. A and R both are correct and R is the right explanation of A

4. Despite differences in cost of production the oligopolists will not vary the prices of their products as per which combination of the following models?

1. collusion model
2. Cournot's model
3. kinked demand model
4. Price leadership model

Codes

- a. 1 2 b. 3 4 c. 1 4 d. 1 2 3

5. for the following two statements of Assertion and Reason suggest the correct code

Assertion Low initial price regarded as the principal means for entering into mass market for some new products.

Reason Firms generally enter into production of new products with excess capacity of the plant initially.

Codes

- A is correct but R is not correct
- A is not correct but R is correct
- A and R both are correct and R is the right explanation of A
- A and R both are correct but R is not the right explanation of A

6. Given below are two statements one labelled as Assertion and other Reason. Read the statements and choose the correct answer using the code given below.

Assertion A price reduction leads to an increase in the quantity demanded of the commodity.

Reason It results from price effects comprising income and substitutions effects which are always positive.

Codes

- a. both A and R are correct and R is the right explanation of A
b. both A and R are correct but R is not the right explanation of A
c. A is correct but R is incorrect
d. both A and R are incorrect

7. Indicate the correct code from the following types of the long run average cost curves on which the minimum average cost of production in long run can be determined

1. long run average cost curve under normal production function
2. long run average cost curves under linearly homogeneous production function
3. planning curve
4. envelope curve

Codes

- a. 1 2 3 b. 2 3 4 c. 1 3 4 d. 2 4

8. Monopoly situation is not desirable mainly because of the monopolist.

- seeks to earn net revenue on the sale of all goods including those involving no cost of production
- is able to earn net revenue in all time period
- is able to charge different prices from different categories of buyers
- will produce below its economic capacity level when it exhibits satisfaction with the normal profits only.

9. Managerial economics is concerned with which combination of the following?

1. investment analysis and decisions
2. production behavior and cost analysis
3. input reward analysis and decisions
4. economic environment analysis

Codes

- a. 1 2 3 b. 2 3 4 c. 1 2 4 d. 1 3 4

10. Missing

11. Which one of the following statement is not correct?

- marginal cost declines at a faster rate as compared to the average cost
- marginal cost rises at a faster rate as compared to the average cost
- marginal cost equals average cost where average cost is minimum
- average cost equals marginal cost where marginal cost is minimum

12. Indicate the correct code for the scope of managerial economic from the following.

- demand analysis
- production and cost analysis
- pricing and investment decisions
- economic environmental analysis

Codes

- a. 1 2 3 4 b. 2 3 4 5 c. 1 2 3 5 d. 1 3 4 5

13. Price elasticity of the product is measured by

1. $E_d = \frac{\Delta Q}{Q} \times \frac{\Delta P}{P}$ b. $E_d = \frac{\Delta Q}{Q} \times \frac{\Delta P}{P}$ c. $E_d = \frac{\Delta P}{\Delta Q} \times \frac{Q}{P}$ d. $E_d = \frac{\Delta P}{P} \times \frac{\Delta Q}{Q}$

14. Match the items of list I with those of list II and indicate the correct code

List-I	List-II
a. positive income elasticity	1. substitute goods
b. negative income elasticity	2. complementary goods
c. positive cross elasticity	3. inferior goods
d. negative cross elasticity	4. superior goods

Codes

- | | | | | |
|----|---|---|---|---|
| | A | B | C | D |
| a. | 2 | 1 | 4 | 3 |
| b. | 1 | 2 | 3 | 4 |
| c. | 4 | 3 | 1 | 2 |
| d. | 1 | 4 | 2 | 3 |

15. For perfect competition, indicate the correct code for essential conditions from the following

- large number of buyers and sellers
- perfect knowledge of the market
- homogeneous product for sale
- absence of transportation cost
- freedom of entry and exit of buyers and sellers from the market
- rational behavior of buyers and sellers

Codes

- a. 1 2 3 4 6 b. 2 3 4 5 6 c. 1 2 3 4 5 6 d. 1 3 4 5 6

16. Match the items of list I and with those of list II and suggest the correct code from the following

List-I	List-II
a. GDP	1. national income
b. GDP at factor cost	2. NDP plus net flow of income
c. NNP at factor cost	3. money value of final goods and services produced
d. NNP	4. total gross value added by all enterprises in the economy

Codes

	A	B	C	D
a.	1	3	2	4
b.	3	4	1	2
c.	4	3	2	1
d.	2	1	4	3

17. From the following two statements of Assertion and Reasoning, indicate the correct code
 Assertion The quantity of a product demanded invariably charges inversely to changes in its price.
 Reason The price effect and negative income effect.
 Code.

- a. both A and R are correct
- b. A is incorrect R is correct
- c. A is correct R is incorrect
- d. A and R are incorrect

18. Match the items of the list I with that of the list II and suggest the correct code from the following

List-I	List-II
a. cost function	1. kinked demand
b. supply function	2. Isoquants
c. production function	3. engineering method
d. oligopoly	4. factor prices

Codes

	A	B	C	D
a.	3	4	1	2
b.	2	1	3	4
c.	1	2	4	3
d.	4	3	2	1

19. the following is the demand function $Q = 100 - 5P$. what will be the point price elasticity of demand at price Rs. 10?

- a. 2.00
- b. 1.00
- c. 0.85
- d. 0.50

20. the short run cost function of a firm is as under: $TC = 200 + 5Q + 2Q^2$. What will be the level of output at which AC and MC will be equal?

- a. 20
- b. 15
- c. 10
- d. 5

21. Match the items of list I with the items of list II and select the code of correct matching.

List-I	List-II
a. sales revenue maximization	1. Williamson's model
b. maximization of a firm's growth rate	2. Cyert-March Hypothesis
c. Maximization of managerial utility function	3. Baumol's Theory
d. satisficing behavior model	4. Marri's theory

Codes

	A	B	C	D
a.	3	4	1	2
b.	1	2	4	3
c.	2	3	1	4
d.	4	3	2	1

22. Assertion A The perceived risk of operating a domestic firm in international environment is much higher.

Reason The international environment is more volatile and the domestic firm generally does not have full information about the environment.

Codes

- a. both A and R are correct
- b. both A and R are incorrect
- c. A is correct while R is incorrect
- d. A is incorrect while R is correct

23. Which of the following are not the assumptions related to the theory of consumer behavior as per the cardinal utility approach?

- 1. rational consumer
- 2. unlimited money income
- 3. utility cardinally measurable
- 4. diminishing marginal utility of money
- 5. constant marginal utility of commodities
- 6. maximization of satisfaction
- 7. utility is additive

Codes

- a. 1 3 5 7
- b. 2 4 5
- c. 1 3 4 5
- d. 6 7

24. Statement I Costs which do not take the form of cash outlays, nor do they appear in the accounting system are known as opportunity cost.

Statement II costs in the form of depreciation allowances and unpaid interest on the owners own funds are known as sunk cost,

Codes

- a. both statements are correct
- b. both statements are incorrect
- c. statement I is correct and statement II is incorrect
- d. statement I is incorrect and statement II is correct

25. which one of the following is incorrect combination with regard to the types of market structures?

Market structure	No. of firms and degree of product differentiation	Control over price
a. perfect competition	Large number of firms with homogeneous products	None
b. monopolistic competition	Many firms with real or perceived product differentiation	Some
c. oligopoly	Little or no product differentiation and many firms	Some
d. monopoly	Single firm with close substitute	Some

26. which one of the following is not studied in macroeconomics?

- a. general theory of employment, interest and money
- b. market structure and pricing decisions
- c. foreign trade
- d. theories of economic growth

27. Which one of the following assumptions is not related to consumer behavior based on the cardinal utility approach?

- Rationality
- diminishing marginal utility of money
- utility cardinally measurable
- maximization of satisfaction with limited money income

28. Match the items of List I with the items of List II and find the correct combination.

List-I	List-II
a. perfect competition	1. aluminum and passenger cars
b. oligopoly	2. public utilities like telephone and electricity
c. monopoly	3. manufacturing T.V sets refrigerators
d. monopolistic competition	4. farm products : Grains

Codes

	A	B	C	D
a.	1	2	3	4
b.	4	1	2	3
c.	3	4	1	2
d.	2	3	4	1

30. which one of the following is not covered in macroeconomics?

- performance of the entire economy
- price and output determination of a commodity
- factors and forces of economic fluctuations
- monetary and fiscal policies

31. If the demand for using the Noida express way is given by $Q = 40000 - 2500P$

Where Q is the number of users (vehicles) and P is the amount of toll collected per unit who uses the express way. In light of this information which of the following is true?

- At $P = \text{Rs. } 6$ and $Q = 14000$, demand is price inelastic
- At $P = \text{Rs } 7$ and $Q = 16500$
- At $P = \text{Rs } 4$ and $Q = 9500$ demand is price elastic
- All of the above

32. the market share data for an industry comparison five companies is given below.

Company	Market Share %
A	35
B	25
C	18
D	12
E	10

This industry's three firms Herfindahl-Hirschman index shall be

- 0.234
- 0.217
- 0.151
- 0.0175

33. For an economy which consist of single automobile maker and that in year 2014, 30000 vehicles are produced with an average price Rs 5 lakh. For this economy what would be the increase in the nominal GDP for 2015 compared with 2014 with the 4% greater automobile production and 8% inflation.

- 4.0%
- 12.0%
- 6.0%
- 12.32%

34. Demand policies targeted to reduce the unemployment become ineffective in presence of the following

- vertical Philips curve

- b. money illusion and ignorance among workers
- c. horizontal Philips curve
- d. none of the above

35. The demand function for commodity X, is $QD = 300 - 20P$; where P is the price in rupees per unit and QD is the quantity demanded in units per period. Which of the following is the price level at which total revenue of a firm facing this demand function is maximized?

- a. 8.0
- b. 7.5
- c. 10.5
- d. 12.5

36. It costs a firm 90 per unit to produce product A, and 60 per unit to produce B individually. If the firm can produce both products together at 160 per unit of product A and B, this exhibits signs of

- a. economies of scope
- b. diseconomies of scale
- c. diseconomies of scope
- d. economies of scale

37. In the context of Prisoner's dilemma, which one of the following is correct?

- a. rational choices can lead to bad outcomes
- b. rational choices can lead to good outcomes
- c. cooperation can lead to sub-optimal results
- d. none of the above

38. In the market oriented system, for the allocation of resources which one of the following is the most appropriate conveyor of information?

- a. finance ministry
- b. central bank
- c. market price
- d. advertisement expenditure

39. a company supplies 20 units of a particular product per month, at a price of Rs 10 per unit. If price elasticity of supply is 5, how many units would the company supply at a price of Rs 15?

- a. 50
- b. 70
- c. 40
- d. 5

40. A decrease in supply will have the greatest effect on price, when the product's demand is

- a. elastic
- b. inelastic
- c. perfect elastic
- d. unitary elastic

41. for a production firm, the pecuniary economies arise from which one of the following sources?

- a. large scale production
- b. purchasing and market economies
- c. indivisibility of factor inputs
- d. learning economies of workers and managers

42. Your firm is selling 1000 units at a price of Rs 10 per unit. The firms total explicit cost is Rs 8000. The firms implicit cost is Rs 1000 and the opportunity cost of your time in managing the firm is Rs 1000. In the above situation , which one of the following is true?

- a. accounting profit is 0
- b. economic profit is less than the accounting profit
- c. marginal cost is Rs 1000
- d. economic profit is 1000

43. which of the following best describes the financial crisis of 2008?

- a. liberal availability of mortgages
- b. poor standard of lending to buy houses
- c. an increase in asymmetric information,, serves adverse selection and moral hazards in financial markets
- d. all of the above

44. In case of price (P) quantity (Q) and changes are represented by respective symbols given in the brackets, the price elasticity of demand is measured by
 a. $E_d = \Delta Q / \Delta P$ b. $E_d = (\Delta Q / Q) / (\Delta P / P)$
 c. $E_d = \Delta P / \Delta Q$ d. $E_d = (\Delta P / P) / (\Delta Q / Q)$
45. In case the demand elasticity under imperfect competition is unity, the marginal revenue will be
 a. more than unity, but less than infinity
 b. equal to unity
 c. less than unity, but more than zero
 d. equal to zero
46. Rise in general price level along with declining output in the economy is called
 a. inflation b. deflation
 c. stagflation d. demand pull inflation
47. national income equilibrium is not at the level where
 a. aggregate investment equals aggregate savings
 b. aggregate expenditure equals aggregate income
 c. inflationary and deflationary gaps are absent
 d. aggregate consumption is constant
48. In case a decrease in price of a commodity results in an increase in its demand on a negatively sloping demand curve, it is called
 a. an increase in demand
 b. an increase in quantity demanded
 c. law of demand
 d. all of the above
49. production function is not based on the assumption of the
 a. substitutability of input
 b. complementary of inputs
 c. marketability of products
 d. specificity of inputs
50. Match the items of the following two lists and indicate the correct code.

List-I	List-II
a. trade channel discounts	1. oligopoly pricing
b. tie-up sales	2. locational price differentials
c. price being non-responsive to changes in demand costs	3. differential pricing
d. basing point pricing	4. product line pricing

Codes

	A	B	C	D
a.	4	2	3	1
b.	3	4	1	2
c.	2	1	4	3
d.	1	3	2	4

ANSWER KEYS

1=C	2=C	3=D	4=C	5=D	6=C	7=C	8=D	9=C	10=B
11=D	12=A	13=B	14=C	15=C	16=B	17=B	18=D	19=B	20=C
21=A	22=A	23=C	24=B	25=D	26=B	27=B	28=D	29=B	30=B
31=C	32=B	33=D	34=A	35=B	36=C	37=A	38=C	39=B	40=B

41=B	42=B	43=D	44=B	45=D	46=C	47=D	48=B	49=C	50=B
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NATIONAL INCOME

1. The term national income represents

- gross national product at market price, minus depreciation
- gross national product at market prices minus depreciation plus net factor income from abroad
- gross national product at market prices minus depreciation and indirect taxes plus subsidies
- gross national product at market prices minus net factor income from abroad

2. consider the following statements

- GDP is a better measure of national income than GNP
- GNP is always higher than GDP.

Which of the statement(s) given above is correct?

- only 1
- 2
- 1 2
- neither 1 nor 2

3. which of the following is not included in the estimates of national income?

- sale of collector's item
- addition to inventory, but not sale of the company's products
- market rent to self-owned house
- cost of government services

4. with reference to Indian economy consider the following statements

- the GDP has increased by four times in the last 10 years
- the percentage share of public sector in GDP has declined in last 10 years.

Which of the statements given above is correct?

- 1
- 2
- 1 2
- neither 1 nor 2

5. consider the following statements

- more than 1/3rd of world population lives in low income countries.
- more than three quarters of gross national income of the world is accounted for by the high income countries.

Which of the statement given above is correct?

- 1
- 2
- 1 2
- neither 1 nor 2

6. consider the following statements about the most effective contribution made by Dadabhai Naoroji to the cause of Indian National movement was that he

- exposed the economic exploitation of India by the British.
- interpreted the ancient Indian texts and restored the self-confidence of Indians
- stressed the need for eradication of all the social evils before anything else

Which of the statement given above is correct?

- 1
- 1 3
- 1 2
- all of the above

7. Which one of the following institution prepares the national income estimate's in India?

- planning commission
- reserve bank of India
- central statistical organization
- Indian statistics institute

8. mixed economy means an economy where

- both agriculture and industry are equally promoted by the state
- there is co-existence of private sector along with the public sector
- there is importance of small scale industries along with heavy industries
- economy is controlled by military as well as civilian rules

9. which one of the following sectors is the major contribution towards the gross domestic saving in Indian in recent time?

- a. public sector
- b. private sector
- c. corporate sector
- d. household sector

10. which one of the following the most appropriate method to measure the economic growth of a country?

- a. national income
- b. net national product
- c. gross capital formation
- d. gross domestic product.

Answer keys'

1=C 2=D 3=A 4=B 5=C 6=A 7=C 8=B 9=D 10=D

INFLATON

1. Consider the following statements

- 1. headline inflation is a measure of the total inflation within an economy
- 2. headline inflation is affected by areas of the market which may experience sudden inflationary spikes such as food, vegetables or energy.

Which of the statement given above is correct?

- a. 1
- b. 2
- c. 1 2
- d. neither 1 nor 2

2. which of the following items has maximum weight in whole sale price index in india?

- a. food item
- b. manufactured product
- c. fuel and power
- d. primary article

3. economic growth is usually coupled with

- a. deflation
- b. inflation
- c. stagflation
- d. hyper inflation

4. the rate of inflation in India is measured in respect

- a. consumer price index
- b. wholesale price index
- c. money supply
- d. cost of living index for industrial worker

5. which of the following is likely to be the most inflationary in its effect?

- a. repayment of public debt
- b. borrowing form the public to finance a budget deficit
- c. borrowing from banks to finance a budget deficit
- d. creating new money to finance a budget deficit

6. a rise in general level of prices may be caused by

- 1. an increase in the money supply
- 2. a decrease in the aggregate level of output
- 3. an increase in the effective demand

Select the correct answer using the codes given below

- a. 1
- b. 1 2
- c. 2 3
- d. all of these

7. consider the following statements

- 1. inflation benefits the debtors
- 2. inflation benefits the bond holders

Which of the statement given is correct

- a. 1
- b. 2
- c. 1 2
- d. neither 1 & 2

8. in India, inflation measured by the

- a. wholesale price index number
 b. consumer price index for urban non-manual worker
 c. consumer price index for agriculture labours
 d. national income deflator
9. which one of the following is likely to be the most inflationary in its effect
 a. repayment of public debt
 b. borrowing from the public to finance a budget deficit
 c. borrowing from banks to finance a budget deficit
 d. creating new money to finance a budget deficit
10. which one of the following measures is generally use the government to contain the recession of the economy
 a. increasing money supply b. increasing govt spending
 c. decreasing taxation d. all of the above

Answer Keys

1=C 2=B 3=B 4=B 5=D 6=D 7=A 8=A 9=D 10=D

Establishment of Various Financial Institutions

1.	Reserve Bank of India	1934
2.	Industrial Finance Corporation of India	1948. Sick financial institution.
3.	ICICI	1955
4.	SBI	1955. Nationalized
5.	Life Insurance Corporation (LIC)	1956
6.	Industrial Development Bank of India (IDBI)	1964
7.	Unit Trust of India (UTI)	1964
8.	HUDCO	1970
9.	General Insurance Corporation (GIC)	1972
10.	NABARD	1982
11.	SEBI (Replaced Controller of Capital Issue)	1988 Functional in 1992
12.	Small Industries Development Bank of India (SIDBI)	1990. Subsidiary of IDBI
13.	IRDA	1999

Various Acts & their Enactment Years

1.	Banking Regulation Act	1949
2.	Industries (Development & Regulation) Act	1951
3.	MRTTP Act	1969
4.	FERA	1973
5.	Negotiable Instrument Act	1981
6.	FEMA	2000
7.	Competition Act	2002

Organizations & Their Survey/Reports

1.	World Economic & Social Survey	U. N
2.	World Investment Report	UNCTAD
3.	Global Competitiveness Report	World Economic Forum
4.	World Economic Outlook	IMF
5.	Business Competitive Index	World Economic Forum
6.	Green Index	World Bank
7.	Business Confidence Index	NCAER
8.	Poverty Ratio	Planning Commission
9.	Economic Survey	Ministry of Finance
10.	Wholesale Price Index	Ministry of Industry
11.	National Account Statistics	CSO
12.	World Development Indicator	World Bank
13.	Overcoming Human Poverty	UNDP
14.	Global Development Report	World Bank

Components of Money Supply

M1	Consists of currency with the public (ie notes & coins in circulation minus cash with the banks) plus demand deposits with the bank (deposits which can be withdrawn without notice) plus other deposits with RBI (usually negligible). Also called narrow money
M2	M1 + saving deposits + Certificate of Deposits (CDs) + term deposits maturing within a year.
M3	M2 + term deposits with maturity more than a year + term borrowing of banking system. Also known as broad money.
L1	M3 + all Deposits with the Post Office Savings Banks (excluding National Savings Certificates)
L2	L1 + Term Deposits with Term Lending Institutions and Refinancing Institutions (FIs) + Term Borrowing by FIs+ Certificates of Deposit issued by FIs; and
L3	L2 + Public Deposits of Non-Banking Financial Companies

Four Modes of Services under GATT

Mode 1	Cross border trade, which is defined as delivery of a service from the territory of one country into the territory of other country;
Mode 2	Consumption abroad - this mode covers supply of a service of one country to the service consumer of any other country;
Mode 3	Commercial presence - which covers services provided by a service supplier of one country in the territory of any other country, and
Mode 4	Presence of natural persons - which covers services provided by a service supplier of one country through the presence of natural persons in the territory of any other country

Direct & Indirect Taxes

Direct Tax	Indirect Tax
Corporation Tax	Excise Duties
Income Tax	Service Tax

Interest Tax	Central Value Added Tax (Vat)
Expenditure Tax	Sales Tax
Wealth Tax	Property Tax
Gift Tax	Octroi
Estate Duty	Customs Duties
Land Revenue	Stamp Duties

Commissions/Committees & Their Purpose

Arjun Sen Gupta Committee	Public Sector Enterprise Autonomy
Rangarajan Committee	Disinvestment of PSUs & Balance of Payments.
Malhotra Committee	Insurance Sector & its regulation. Follow up led to setting up of IRDA.
Madhukar Committee	Gold exchange traded fund implementation.
L.C. Gupta Committee	Derivatives in India Model
Naresh Chandra Committee	Corporate Audit & Governance
JJ Irani Committee	Company Law
B. Bhattacharya Committee	Committee on pension reforms
Rakesh Mohan Committee	Small saving & Administered interest rates
Vijay Kelkar Committee	FRBM (fiscal responsibility & budget management) Act implementation
S.P. Gupta Committee	Generation of Employment opportunities in the 10plan.
Raghvan Committee	Replacement of MRTP act by competition act.
Eradi Panel	Industrial Insolvency.
M.S. Verma	Restructuring weak banks
Lakdawala Committee	Estimating Poverty line in India
Montek Singh Ahluwalia	Power Sector reforms
Rakesh Mohan Committee	Development of Infrastructure in India
Abid Hussain Committee	Small Scale Sector
Jha Committee	MODVAT
Vasudev Committee	NBFC
Omkar Goswami Committee	Industrial Sickness
G.V. Ramakrishna	Disinvestment Commission
Arvind Virmani	Import Tariff Reform
Vaghul Committee	Money Markets India reforms

FERA V/S FEMA

Violation of FERA was a criminal offence.	Violation of FEMA is a civil wrong.
Offences under FERA were not compoundable.	Offences under FEMA are compoundable.
Penalty was 5 times the amount involved.	Penalty is 3 times the sum involved.
Citizenship was a criteria to determine residential status of a person under FERA.	Stay in India for more than 182 days is the criteria to decide residential status.
There was only one Appellate Authority	There are two appellate authorities namely

namely Foreign Exchange Regulation Appellate Board.

1. Special Director (Appeals) and
2. Appellate Tribunal for Foreign Exchange.

Selected Terms

Revenue Deficit	Difference between revenue expenditure & revenue receipts
Budget Deficit	Difference between total expenditure & revenue receipts
Fiscal Deficit	Budget deficit plus non debt creating capital receipts
Primary Deficit	Fiscal deficit – Interest Payments.
FIPB	Foreign Investment Promotion Council
MIGA	Multilateral Investment Guarantee Agency

IMPORTANT MCQs

Increase in Bank Rate

- a) increases the cost of borrowing by commercial banks
- b) declines the supply of money
- c) shows tightening of RBI monetary policy
- d) all the above

ANSWER: d) all the above

Exchange or other commercial papers. It also signals the medium-term stance of monetary policy. When bank rate is raised, it is expected that all interest rates will move together in the same direction.

2. Which of the following are features of amendments to the Companies Act

1. Removed limit for minimum capital required for formation
2. If a firm fails to repay the deposit or any interest it will be punishable with fine
3. All cases under the Companies Act cannot be tried by a special court and that only serious offenses will go to such courts

Which of the above statements is/are incorrect?

- a) 1,2
- b) 2,3
- c) 1,3
- d) All

ANSWER: d) All

3. Consider the following statements

1. The Reserve Bank of India has asked all public sector banks, some private sector and foreign banks to appoint an internal ombudsman.
2. The internal ombudsman would be designated Chief Customer Service Officer (CCSO).
3. RBI has also made it clear that the CCSO should not have worked in the bank in which he/she is appointed as CCSO.

Which of the above statements are true?

- a) 1,2
- b) 2,3
- c) 1,3
- d) All the above

ANSWER: d) All the above

All public sector banks will have to appoint a Chief Customer Service Officer. The private sector and foreign banks which have been asked to appoint the CCSO are ICICI

Bank, HDFC Bank, Axis Bank, Kotak Mahindra Bank, IndusInd Bank, Standard Chartered Bank, Citi Bank N.A. and HSBC. The Reserve Bank introduced the Banking Ombudsman Scheme (BOS) in 1995 to provide an expeditious and inexpensive forum to bank customers for resolution of their complaints relating to deficiency in banking services provided by commercial banks, regional rural banks and scheduled primary co-operative banks.

4. Which of the following agency is responsible for management of Chit funds?

- a) RBI b) Central government
c) State governments d) SEBI

ANSWER: c) State governments

Chit funds in India are governed by the Chit Funds Act, 1982. Under this Act, the chit fund businesses can be registered and regulated only by the respective state governments.

5. Consider the following statements related to Bhartiya Mahila Bank

1. It is the only public sector bank in the country entirely owned by the government
2. This bank works exclusively for women

Which of the above statements is/are correct?

- a) Only 1
b) Only 2
c) Both
d) None

ANSWER: a) Only 1

Although initially reported as a bank exclusively for women, the bank allows deposits to flow from everyone, but lending will be predominantly for women.

6. Consider the following statements related to FDI in retail

1. India allows 100% FDI in single-brand stores but imposed the requirement that the single brand retailer source 30 percent of its goods from India.
2. Government of India allowed 100% FDI in multibrand retail in India after approval from individual state

Which of the above statements is/are correct?

- a) Only 1 b) Only 2 c) Both d) None

ANSWER: c) Both

Government of India allowed 51% FDI in multibrand retail in India after approval from individual state

7. Consider the following statements

1. RBI allowed Infrastructure Debt Fund-Non Banking Financial Companies to invest in public private partnerships (PPPs) and infrastructure projects which have completed at least one year of satisfactory commercial operation.

2. The maximum exposure that an IDF-NBFC can take on individual projects will be at 50 per cent of its total capital funds.

3. An additional exposure up to 10 per cent could be taken at the discretion of the board of the IDF NBFC.

Which of the above statements are correct?

- a) 1,2 b) 1,3 c) 2,3 d) All

ANSWER: d) All

The RBI could permit additional exposure up to 15 per cent (over 60 per cent) subject to such conditions as it may deem fit to impose regarding additional prudential safeguards.

8. Which of the following benefits from inflation?

- a) Lender b) Borrower c) Both d) None

ANSWER: b) Borrower

Inflation is a sustained increase in the general price level of goods and services in an economy over a period of time. Inflation redistributes wealth from creditors to debtors so borrower gets benefits from inflation

9. Which of the following is part of priority sector lending?

1. Agriculture
2. Micro, Small and Medium Enterprises
3. Export Credit
4. Education
5. Housing
6. Social Infrastructure
7. Renewable Energy

Codes:

- a) 1,2,5,7 b) 1,2,3,7 c) 1,3,4,5,6,7 d) 1,2,3,4,5,6,7--All

ANSWER: d) 1,2,3,4,5,6,7-----All

10. Consider the following statements about priority sector lending

1. All banks have to lend at least 40% of their net credit to the priority sector
2. Foreign banks with less than 20 branches will move to total priority sector target of 40 percent by 2019-20.

Which of the above statements are correct?

- a) Only 1 b) Only 2 c) Both d) None

ANSWER: c) Both

11. Consider the following statements about GST

1. Both Central and State taxes will be collected at the point of sale.
2. The Central and State GST will be charged on the manufacturing cost. Which of the above statements are correct?

- a) Only 1 b) Only 2 c) Both d) None

ANSWER: c) Both

12. Consider the following statements related to GST bill

1. The Centre will have one third weight in the GST Council while the states will have the remaining two thirds and decisions will have to be passed with 75% vote.
2. Petroleum and Alcohol is excluded from GST

Which of the above statements is/are correct?

- a) Only 1 b) Only 2 c) Both d) None

ANSWER: b) Only 2

GST is an indirect tax levy on manufacture, sale and consumption of goods as well as services at a national level. The decision to keep petroleum out of GST for the time being will also lower the revenue neutral rate (RNR), at which both the Centre and states will not make a loss. Alcohol will also be excluded from GST.

13. Consider the following statements related to SEZ

1. It is a duty free enclave to be treated as foreign territory for the purpose of trade operations and duties and tariffs.
2. The corporation in SEZs will not have to pay any income tax on their profits for the first five years and only 50% of the tax for 2 more years thereafter.
3. A SEZ does not require a license for exports.

Which of the above statements are true?

- a) 1,2 b) 2,3 c) 1,3 d) All the above

ANSWER: a) 1,2

A SEZ does not require a license for imports.

SEZ : **Special Economic Zones Act, 2005**, was passed by Parliament in May, 2005 and received Presidential assent on the **23rd of June, 2005**. The act envisages that the SEZs would attract a large flow of foreign and domestic investment in infrastructure and productive capacity leading to generation of additional economic activity and creation of employment opportunities.

14. Consider the following statements

1. India's first new pulp line unit for production of bank note paper is established at Hoshangabad in Madhya Pradesh
2. It will eliminate the need to import its currency paper from Australia and Japan. Which of the above statements is/are correct?

- a) Only 1 b) Only 2 c) Both d) None

ANSWER: c) Both

It is the initiative under Make in India.

Union Finance Minister Arun Jaitley inaugurated the New Bank Note Paper Line unit of 6000 metric ton capacity at Security Paper Mill in Hoshangabad in Madhya Pradesh. He also flagged off the first consignment of one thousand rupee bank notes made indigenously from this paper mill to the Currency Note Press Nasik.

15. Countries or states which impose no tax or very low tax is called as

- a) Tax terrorism b) Tax Heavens
c) Tax Keepers d) Tax generators

ANSWER: b) Tax Heavens

A tax haven is a state, country or territory where, on a national level, certain taxes are levied at a low rate or not at all. It also refers to countries which have a system of financial secrecy in place.

16. What is MAT?

- a) Minimum Alternate Tax b) Maximum Alternate Tax
c) Multiple Alternate Tax d) None of the above

ANSWER: a) Minimum Alternate Tax

Minimum Alternate Tax (MAT) is direct tax system levied on companies having large profits and declaring substantial dividends to shareholders but are not paying corporate tax, by taking advantage of the various incentives and exemptions provided in the Income-tax Act.

17. Consider the following statements

1. The Index of Eight Core Industries (ICI) measures performance of eight infrastructure industries, viz Coal, Crude Oil, Natural Gas, Refinery Products, Fertilizers, Steel, Cement and Electricity
2. It has the base year of 2004-05.
3. The Eight Core Industries comprise nearly 38 % of the weight of items included in the Index of Industrial Production (IIP).

Which of the above statements are correct?

- a) 1,2 b) 1,3 c) 2,3 d) All

ANSWER: d) All

18. Consider the following statements

1. The Financial Sector Legislative Reforms Commission (FSLRC) is a body set up by Ministry of Finance in 2011, to review and rewrite the legal institutional architecture of the Indian financial sector.
2. This Commission is chaired by a former Judge of the Supreme Court of India, Justice B. N. Sri Krishna

Which of the above statements are correct?

- a) Only 1 b) Only 2 c) Both d) None

ANSWER: c) Both

19. Which of the following is not advantage of full capital account convertibility ?

- a) Encourages import
- b) Boosts exports
- c) Easy access to forex
- d) Promotes trade and capital flows between nations

ANSWER: a) Encourages import

20. Financial Sector Legislative Reforms Commission has various working groups dedicated to in depth analysis of different sectors. Match the pairs of different working groups and their chairman.

- | | |
|--|---------------------|
| i. Banking ----- | 1. P.J Nayak |
| ii. Insurance, Pension, Small saving ----- | 2. Dr. Govind Rao |
| iii. Public debt management ----- | 3. Jayant Verma |
| iv. Payment----- | 4. Dharendra Swarup |
| v. Securities ----- | 5. K.J. Udshi |

a) i-4, ii-3, iii-1, iv-2, v-3

b) i-3, ii-4, iii-2, iv-5, v-1

c) i-5, ii-4, iii-2, iv-1, v-3

d) i-5, ii-3, iii-2, iv-4, v-1

ANSWER: c) i-5, ii-4, iii-2, iv-1, v-3

21. Consider the following statements

1. GDR is a certificate issued by a depository bank, which purchases shares of foreign companies and deposits it on the account.
2. GDRs enable a company, the issuer, to access investors in capital markets outside of its home country.
3. Regulatory and other agencies suspect that GDR route is being used for bringing back suspected illicit funds stashed abroad.

Which of the above statements are correct?

- a) 1,2 b) 1,2,3 c) 2,3 d) 1,3

ANSWER: b

Explanation: GDR is a popular financial instrument used by listed companies in India, as also in many other countries, to raise funds denominated mostly in US dollar or euros. GDRs are typically bank certificates issued in more than one country for shares of a company, which are held by a foreign branch of an international bank.

22. Consider the following statements

1. Project Panchdeep, a unique health-care administration program aimed at automating healthcare services to over 6 crore beneficiaries spread across the country.
2. Infosys partnered with government for implementation of this project

Which of the above statements are not true?

- a) Only 1 b) Only 2 c) Both d) Neither

ANSWER: a

23. Consider the following statements

1. "Gyan Sangam" was seminar for banker was arranged by the Finance Ministry
2. S.S.Mundra Committee was set up for governance in banks.

Which of the above statements are not true?

- a) Only 1 b) Only 2 c) Both d) Neither

ANSWER: c

Explanation: Gyan Sangam was seminar for banker was arranged by the Finance Ministry while P.J.Nayak Committee was set up for governance in banks.

24. According to P.J.Nayak committee recommendations

1. Transfer of government shares in PSB to to Bank investment Company (BIC) so BIC will become Holding company and PSB banks became BIC's subsidiary companies.
2. Until BIC is formed Committee recommended formation of Bank Board Bureau Which of the above statements are true?

- a) Only 1 b) Only 2 c) Both d) Neither

ANSWER: c

25. Which government introduced smart-card for unorganized sector workers?

- a) Gujarat b) Maharashtra c) Bihar d) Delhi

ANSWER: a

26. Which of the following city is not covered under "Char dham" Project?

- a) Kedarnath b) Badrinath c) Dwarka d) Gangotri

ANSWER: c

27. Under HRIDAY scheme which of the following city is not included?

- a) Puri b) Agra c) Patana d) Amravati

ANSWER: c

28. Currently base year for calculating GDP has been chaged. What is the new baseline year?

- a) 2008-09 b) 2010-11 c) 2011-12 d) 2007-08

ANSWER: c

29. Consider the following statements

1. The Mangala Area is a major oil field located in the Indian State of Rajasthan.
2. Cairn India is the operator of the field, a subsidiary of Cairn Energy.

Which of the above statements are correct?

- a) Only 1 b) Only 2 c) Both d) Neither

ANSWER: c

30. Consider the following statements

1. The newly constituted National Highway Infrastructure Development Corporation Limited, which is mandated to develop 10,000 km of roads in the country with a special focus on North-East, will award the first highway project in Meghalaya
 2. The company is mandated to build 10,000 km of roads in the North-East (Assam, Meghalaya, Manipur, Nagaland, Mizoram, Tripura and Arunachal Pradesh) and Uttarakhand.
- Which of the above statements are correct?

- a) Only 1 b) Only 2 c) Both d) Neither

ANSWER: c

31. Consider the following statements

1. The Reserve Bank of India and the European Central Bank have signed a memorandum of understanding for cooperation in the area of central banking.
 2. The Reserve Bank of India signed a Memorandum of Understanding (MoU) on "Supervisory Cooperation and Exchange of Supervisory Information" with Banco Central do Brasil (BCB).
- Which of the above statements are true?

- a) Only 1 b) Only 2 c) Both d) Neither

ANSWER: c

32. Consider the following statements and identify the right ones.

i. IMF came into existence as an outcome on Bretton Woods agreement

ii. France was the 1st country to borrow from IMF

- a. I only b. ii only c. both d. none

ANSWER: c. both

33. Consider the following statements and identify the right ones.

i. The executive board is the highest decision making body of IMF

ii. The Board of Governors meets twice a year.

- a. I only b. ii only c. both d. none

ANSWER: d. none

34. Consider the following statements and identify the right ones.

i. Executive board conducts the business of the IMF

ii. It meets once in a year

- a. i only b. ii only c. both d. none

ANSWER: a. I only

35. Consider the following statements and identify the right ones.

i. The day to day work of IMF is conducted by the board of governors

ii. Selected nations who are members of IMF are given a quota

a. i only b. ii only c. both d. none

ANSWER: b. ii only

36. Consider the following statements and identify the right ones.

i. The quota does not decide voting power in IMF decisions

ii. Quota subscription constitutes most of the financial resources of IMF

a. i only b. ii only c. both d. none

ANSWER: b. ii only

37. Consider the following statements and identify the right ones.

i. SDRs cannot voluntarily be exchanged among members for currencies

ii. US is the largest member of the IMF

a. i only b. ii only c. both d. none

ANSWER: b. ii only

38. Which of the following is an institution of World Bank?

a. IBRD b. IDA c. IFC d. All the above

ANSWER: d. All the above

World Bank has five institutions- IBRD, IDA, International Finance Corporation, MIGA and ISCID.

39. Consider the following statements and identify the right ones.

i. Low income countries are eligible to receive low interest loans from IDA ii. India is eligible for a blend of financial assistance from IDA and IBRD

a. i only b. ii only c. both d. none

ANSWER: c. both

40. Which of the following is not an objective of World Bank?

a. To provide guarantee on private loans
b. To develop production facilities in underdeveloped countries

c. To rehabilitate war ruined economies

d. None of the above

ANSWER: d. None of the above

41. Which of the following is known as soft loan window of the World Bank?

a. IDA b. IFC c. IBRD d. MIGA

ANSWER: a. IDA

42. The investment arm of the world bank is

a. IDA b. IFC c. IBRD d. MIGA

ANSWER: b. IFC

IFC was established in 1956. It is known as the investment arm of the World Bank.

43. The insurance arm of world bank is

a. IDA b. IFC c. IBRD d. MIGA

ANSWER: d. MIGA

MIGA is known as the insurance arm of World Bank. It was established in 1988.

44. Consider the following statements and identify the right ones.

- i. MIGA does not offers political risk insurance for projects to developing member countries
 - ii. MIGA also helps investors and lenders deal with investment risks
- a. i only b. ii only c. both d. none

ANSWER: b. ii only

MIGA offers political risk insurance for projects to developing member countries.

45. Consider the following statements and identify the right ones.

- i. IFC is governed by board of governors
 - ii. It mobilizes capital in international capital markets
- a. i only b. ii only c. both d. none

ANSWER: c. both

International Finance Corporation is governed by board of governors who are represented by member countries.

46. Consider the following statements and identify the right ones.

- i. ICSID is a multilateral treaty formulated by executive directors of IBRD
 - ii. All the countries have deposited their instruments of ratification, acceptance of the convention.
- a. I only b. ii only c. both d. none

ANSWER: a. I only

Not all the countries have deposited their instruments of ratification, acceptance of the convention.

47. Consider the following statements and identify the right ones.

- i. The head of WTO is known as director general
 - ii. The WTO summit is held once in very year
- a. I only b. ii only c. both d. none

ANSWER: a. I only

The WTO summit is held once in two years. The summit is known as Ministerial Conference.

48. Which of the following is a part of capital account?

- a. Private capital
- b. Banking capital
- c. Official capital
- d. All the above

ANSWER: d. All the above

Capital account is classified into 3 parts in Indiaprivate, banking and official capital.

49. Consider the following statements and identify the right ones.

- i. A double entry system of record of all economic transactions between the residents of a country and rest of the world is called balance of trade
 - ii. All transactions related to goods, services or income are classified as capital account.
- a. i only b. ii only c. both d. none

ANSWER: d. none

A double entry system of record of all economic transactions between the residents of a country and rest of the world is called balance of payments. All transactions related to goods, services or income are classified as current account.

50. The investment in productive assets and participation in management as stake holders in business enterprises is

- a. FDI b. FII c. Balance of payment d. SDR

ANSWER: a. FDI

The investment in productive assets and participation in management as stake holders in business enterprises is foreign direct investment.

51. The portfolio investment by foreign institutional investors is called

- a. FDI b. FII c. Balance of payment d. SDR

ANSWER: b. FII

The portfolio investment by foreign institutional investors is called foreign institutional investment.

52. Consider the following statements and identify the right ones.

- i. India adopted LERMS in 1992
 ii. In 1993, dual exchange rate system was replaced by a unified floating exchange rate.
 a. i only b. ii only c. both d. none

ANSWER: c. both

Liberalized Exchange Rate Management System was a dual exchange rate system in which 40% of forex earnings were converted at official exchange rate and 60% at market determined exchange rate.

53. Which of the following is a union tax?

- a. Corporation tax b. Taxes on agricultural income
 c. Capitation taxes d. Land revenues

ANSWER: a. Corporation tax

Union taxes are given in the list of 7th schedule in the constitution.

54. Which of the following is not a union tax?

- a. Taxes on railway freights and fares b. Stamp duties on financial documents
 c. Tolls d. A and b only

ANSWER: d. A and b only

Taxes on railway freights and fares and Stamp duties on financial documents are union taxes while tolls are state tax

55. Consider the following statements and identify the right ones.

- i. Central government does not have exclusive power to impose tax which is not mentioned in state or concurrent list.
 ii. The constitution also provides for transferring certain tax revenues from union list to states.

- a. i only b. ii only c. both d. none

ANSWER: b. ii only

Central government has exclusive power to impose tax which is not mentioned in state or concurrent list.

56. The tax levied by the union government on income of individuals is known as:

- a. Personal income tax b. Interest tax c. Wealth tax d. Corporation tax

ANSWER: a. Personal income tax

It is based on the principle of ability to pay. The tax levied by the union government on income of individuals is known as income tax.

57. The tax on net income of companies is:

- a. Personal income tax b. Interest tax c. Wealth tax d. Corporation tax

ANSWER: d. Corporation tax

The tax on net income of companies is corporate tax. Tax rates are uniform for all categories of companies.

58. Consider the following statements and identify the right ones.

i. Wealth tax is collected from productive as well as unproductive assets ii. Estate duty was a type of inheritance tax of large estates

- a. i only b. ii only c. both d. none

ANSWER: b. ii only

Wealth tax is collected from unproductive assets only. Estate duty was abolished in 1985.

59. Which of the following taxes is/are withdrawn or abolished?

- a. Interest tax b. Estate duty c. Gift tax d. All the above

ANSWER: d. All the above

Interest tax was withdrawn in 2000-01, estate duty abolished in 1985 and gift tax in 1998-99.

60. The most important source of revenue to the states is:

- a. Sales tax b. Service tax c. Excise duty d. None of the above

ANSWER: a. Sales tax

Sales tax is the tax on sale of goods and is influenced by the value added tax system.

61. The tax levied on the interstate trade of goods is:

- a. Sales tax b. Excise tax c. Service tax d. Central sales tax

ANSWER: d. Central sales tax

The tax levied on the interstate trade of goods is the central sales tax.

62. Consider the following statements and identify the right ones.

i. The 14th finance commission is headed by C. Rangarajan

ii. The recommendations of the commission will come into effect from April, 1, 2015

- a. i only b. ii only c. both d. none

ANSWER: b. ii only

The 14th finance commission was appointed in 2013. It is headed by Y V Reddy.

63. The difference between revenue expenditure and revenue receipts is

- a. Revenue deficit b. Fiscal deficit
c. Budget deficit d. Primary deficit

ANSWER: a. Revenue deficit

64. The difference between revenue deficit and grants for creation of capital assets is called

- a. Fiscal deficit
- b. Budget deficit
- c. Effective revenue deficit
- d. Primary deficit

ANSWER: c. Effective revenue deficit

Effective revenue deficit= revenue deficit-grants for creation of capital assets.

65. The difference between total expenditure and total receipts except loans and other liabilities is called

- a. Fiscal deficit
- b. Budget deficit
- c. Primary deficit
- d. Revenue deficit

ANSWER: a. Fiscal deficit

Fiscal deficit= total expenditure-total receipts except loans and other liabilities.

66 The difference between fiscal deficit and interest payment during the year is called

- a. Fiscal deficit
- b. Budget deficit
- c. Primary deficit
- d. Revenue deficit

ANSWER: c. Primary deficit

Primary deficit= fiscal deficit-interest payments.

67. A decrease in Cash Reserve Ratio (CRR) can lead to which among the following ?

- 1. increase in cash availability of the banks
- 2. increase in repo rate
- 3. decrease in SLR

Select the correct answer using the codes given below.

- a) 1 only
- b) 1 and 2 only
- c) 1 and 3 only
- d) 1, 2 and 3

ANSWER: a) 1 only.

68. The WTO follows the principle of 'self selection'. This means :

- a) countries decide to which agreement they want to be party.
- b) countries decide the rate of tariff and tariff reduction
- c) countries themselves decide whether they want to be in developed or developing categories.
- d) None of the above

ANSWER: C

Countries themselves decide whether they want to be in developed or developing categories. There are no WTO definitions of "developed" or "developing" countries. Developing countries in the WTO are designated on the basis of self-selection although this is not necessarily automatically accepted in all WTO bodies.

69. Which of the following also acts as a mechanism for government lending.

- 1. CRR
- 2. Repo rate
- 3. Reverse repo rate
- 4. SLR

Codes:

- a) 1 and 3 only
- b) 1, 2 and 4 only
- c) 1 and 4 only
- d) 4 only

ANSWER: d) 4 only.

SLR, statutory liquidity ratio is the amount of money that is invested in certain specified securities predominantly central government and state government securities. Investing in

government securities by bank is one way of fulfilling the requirement of SLR. In this way, SLR acts as a lending mechanism to government. Repo rate is a rate at which banks borrow from RBI for short periods up to 7 or 14 days but predominantly overnight.

71. With reference to foreign portfolio investments (FPI), consider the following statements:

1. FPIs are more volatile than loans from international financial institutions.
2. Foreign Direct Investments are part of FPIs. Which of the statements given above is/are correct ?

- a) 1 only b) 2 only c) Both 1 and 2 d) Neither 1 nor 2

ANSWER: a) 1 only.

FPI is also called Foreign institutional Investments (FIIs). Because of their volatility they are also called hot money. Loans from international financial institutions are given for a fixed tenure and hence are stable. FDI is not part of FPI, but are accounted separately.

72. India's central bank, RBI performs various functions. Which of these are its functions according to the RBI act, 1934.

1. managing inflation
 2. acting as banker's bank
 3. managing India's Forex
 4. handling government's borrowing program
- Select the correct answer using the codes given below.

- a) 2, 3 and 4 only b) 1, 2 and 3 only
c) 2 and 3 only d) 1, 2, 3 and 4

ANSWER: d) 1, 2, 3 and 4.

73. Which among the following can result in 'demand pull inflation' ?

1. increase in subsidy on LPG
2. increase in fuel prices
3. decrease in income tax rates

- a) 1 and 2 only b) 1 and 3 only
c) 2 and 3 only d) 1, 2 and 3

ANSWER: b) 1 and 3 only.

Increase in subsidy of LPG will reduce the pocket expenditure of people on LPG, making more money available with them, thereby increasing demand and pulling inflation. Similar will be the effect of decrease of income tax rates – more money availability. Increase in fuel prices will lead to cost-push inflation.

74. The term 'narrow banking' is best described as:

- a) banks acting only as payment banks
- b) banking by non-banking financial companies
- c) limited areas of operation by banks
- d) banks lending only to risk free sectors

ANSWER: d) banks lending only to risk free sectors.

75. If indirect taxes in an economy are increased, then which of the following can occur ?

1. GDP at factor cost increases

2. GDP at factor cost decreases
3. GDP at market price increases
4. GDP at market price decreases

a) 1 only b) 2 and 3 only c) 3 only d) 4 only

ANSWER: c) 3 only.

GDP (market price) = GDP (factor cost) + indirect taxes – subsidies. This equation makes it clear that any increase in indirect taxes will increase the GDP at market prices.

76. Equity market instruments help in financing a firm. Which of these is/are equity market instruments ?

1. Bonds
2. Shares
3. Debentures

Codes:

a) 1 and 2 only b) 2 only c) 2 and 3 only d) 1, 2 and 3

ANSWER: b) 2 only.

77. An economy pursuing an expansionary fiscal policy can witness :

1. increase in fiscal deficit
2. increase in wages of labour
3. increase in rate of income tax

Select the correct answer using the codes given below.

a) 1 only b) 1 and 2 only c) 1 and 3 only d) 1, 2 and 3

ANSWER: a) 1 only.

Expansionary fiscal policy is a macroeconomic policy that seeks to expand the money supply to encourage economic growth or combat inflation (price increases). One form of expansionary policy is fiscal policy, which comes in the form of tax cuts, rebates and increased government spending. Expansionary policies can also come from central banks, which focus on increasing the money supply in the economy. Such a fiscal policy will increase the expenditure, thereby increasing fiscal deficit. Increase in wages of labour is unrelated. There can be a decrease (not increase) in income tax rates, so statement 3 is false.

78. Fiscal consolidation is one of the objectives of India's economic policy. Which of the following would help in fiscal consolidation ?

1. increasing taxes
2. getting more loans
3. reducing subsidies

a) 1 and 2 only b) 1 and 3 only c) 2 and 3 only d) 1, 2 and 3

ANSWER: b) 1 and 3 only.

Fiscal consolidation is a reduction in the underlying fiscal deficit. So, by increasing revenues and decreasing expenditure, we can undertake fiscal consolidation. While getting more loans may increase receipts, it will not help in fiscal consolidation as that loan has to be repaid back along with interest. So loans add more to the expenditure than it contributes to receipts. Increasing taxes and reducing subsidies will of course increase revenues and decrease expenditure respectively contributing to fiscal consolidation.

79. With reference to pulses, consider the following statements :

1. India is the largest producer of pulses.

2. India imports pulses to meet its domestic demand. Which of the statements given above is/are correct ?

- a) 1 only
b) 2 only
c) Both 1 and 2
d) Neither 1 nor 2

ANSWER: c) Both 1 and 2.

India is the world's largest producer and consumer of pulses. It imports about 3.5 million tonnes of pulses every year from the U.S., Australia, Myanmar, East Africa and Ukraine, besides Canada to meet its domestic demand.

80. The government provides subsidies in various sectors. Which of the following are the effects of subsidies ?

1. it increases inflation
2. it increases fiscal deficit
3. it decreases export competitiveness
- a) 1 and 2 only b) 2 only c) 2 and 3 only d) 1, 2 and 3

ANSWER: b) 2 only.

There is no direct relation between subsidies given and inflation. It may increase inflation (eg. subsidies on LPG helping people save more thus increasing their capacity which can cause demand pull inflation.) or decrease inflation by making accessible low cost subsidized goods. Subsidies of course increases fiscal deficit. Subsidies INCREASES not decreases export competitiveness of goods as it decreases their cost of production.

81. The Fiscal Responsibility and Budget Management (FRBM) Act aimed for:

1. **eliminating both revenue deficit and fiscal deficit**
2. **giving flexibility to RBI for inflation management**

Which of the statements given above is/are correct ?

- a) 1 only b) 2 only c) Both 1 and 2 d) Neither 1 nor 2

ANSWER: b) 2 only.

FRBM Act had the objective of ensuring prudence in fiscal management by eliminating revenue deficit, REDUCING (and not eliminating) fiscal deficit, establishing improved debt management and improving transparency in a medium term framework with quantitative targets to be adhered by the state with regard to deficit measures and debt management. The act was also expected to give necessary flexibility to Reserve Bank of India (RBI) for managing inflation in India.

82. With reference to deficit financing, monetized deficit is the part that is financed through:

- a) borrowings from public sector scheduled commercial banks
b) external commercial borrowings
c) borrowings from RBI
d) none of the above

ANSWER: c) borrowings from RBI.

Monetized deficit indicates the level of support extended by the Reserve Bank of India to the government's borrowing programme. Since borrowings from Reserve Bank of India directly add to money supply, this measure is termed monetized deficit. It is obvious that monetized deficit is only a part of fiscal deficit.

83. All banks are mandated to lend to priority sector. Which of the following would come under Priority Sector Lending (PSL) ?

1. Loans to corporations
2. Loans to Self Help Groups
3. Loans to small and marginal farmers
4. Loans to state government

a) 1 and 2 only b) 1 and 3 only c) 2 and 3 only d) 2,3 and 4 only

ANSWER: c) 2 and 3 only.

Priority sector refers to those sectors of the economy which may not get timely and adequate credit in the absence of this special dispensation. Typically, these are small value loans to farmers for agriculture and allied activities, micro and small enterprises, poor people for housing, students for education and other low income groups and weaker sections. So, loans to corporations and state government does not come under PSL.

84. Consider the following statements about Index of Industrial Production (IIP)

1. It is released monthly by Central Statistical Organisation (CSO)
2. It shows the volume of industrial activity.

Which of the statements given above is/are correct ?

a) 1 only b) 2 only c) Both 1 and 2 d) Neither 1 nor 2

ANSWER: a) 1 only.

IIP or the index of industrial production is the number denoting the condition of industrial production during a certain period (month for eg.). It does not show the volume of industrial activity but only its growth with respect to a reference period. As IIP shows the status of industrial activity, one can find out if the industrial activity has increased, decreased or remained same.

85. Financial market is classified into money market and capital market. Which of these are money market instruments ?

1. T-Bills
2. Preference shares
3. Commercial papers

a) 1 and 2 only b) 1 and 3 only
c) 2 and 3 only d) 1,2 and 3

ANSWER: b) 1 and 3 only.

The short-term debts and securities sold on the money markets—which are known as money market instruments—have maturities ranging from one day to one year and are extremely liquid. The Treasury bills are short-term money market instrument that mature in a year or less than that. Commercial Paper is short-term loan that is issued by a corporation use for financing accounts receivable and inventories. Preference shares are capital market instrument.

86. Suppose you went to a restaurant and paid certain taxes. which of these would be considered an indirect tax ?

1. Service tax paid for lunch
2. Tip given to waiter
3. VAT paid

a) 1 and 2 only b) 1 and 3 only
c) 2 and 3 only d) 1, 2 and 3

ANSWER: b) 1 and 3 only.

Indirect Taxes are not levied on individuals, but on goods and services. Customers indirectly pay this tax in the form of higher prices. Some of the significant indirect taxes include Value Added Tax, Service Tax Central Sales Tax, Central Excise Duty, Customs Duty, stamp duties and expenditure tax.

Tip given to waiter goes into their unofficial income and is therefore not accounted for taxing purpose :)

87. The expenditure in India is classified as capital and revenue. Which of the following is/are revenue expenditure ?

1. interest payments on debt
2. loans granted by central government
3. subsidies

Select the correct answer using the codes given below.

- a) 1 and 2 only b) 1 and 3 only
c) 2 and 3 only d) 1, 2 and 3

ANSWER: b) 1 and 3 only.

Revenue expenditure is for the normal running of Government departments and various services, interest payments on debt, subsidies, etc. Broadly the expenditure which does not result in creation of assets for Government of India is treated as revenue expenditure. Loans granted by central government are capital expenditure.

88. Receipts in budget can be capital or revenue. Which of these is/are capital receipts?

1. Loan recoveries
2. Provident funds deposits
3. Grants

- a) 1 and 2 only b) 1 and 3 only
c) 2 and 3 only d) 1, 2 and 3

ANSWER: a) 1 and 2 only.

Loan recoveries are the money, which the government had lent out in past, their capital comes back to the government when the borrowers repay them as capital receipts. long-term capital accruals to the government through the Provident Fund (PF), Postal Deposits, various small saving schemes (SSSs) and the government bonds sold to the public (as Indira Vikas Patra, Kisan Vikas Patra, Market Stabilization Bond, etc.) are also capital receipts. Grants are revenue receipts.

89. If a government is unable to pass the budget in Lok Sabha, then:

- a) a totally new budget is presented. b) the budget is revised and presented again.
c) the government has to resign. d) none of the above

ANSWER: c) the government has to resign.

90. With reference to contribution from taxes, consider the following statements:

1. Contribution from direct taxes is more than that from indirect taxes.
2. Corporation tax is the largest contributor.

Which of the statements given above is/are correct ?

- a) 1 only b) 2 only c) Both 1 and 2 d) Neither 1 nor 2

ANSWER: c) Both 1 and 2.

91. The Economic Survey is compiled by:

- a) Office of economic advisor. b) Central Statistical office (CSO)
c) National Sample Survey Organization (NSSO) d) Department of economic affairs.

ANSWER: d) Department of economic affairs.

The Economic Survey is compiled by Department of economic affairs, Ministry of Finance. Office of economic advisor publishes WPI, while CSO publishes IIP and CPI.

92. Gross capital formation will increase if:

1. gross domestic savings increases
2. gross domestic consumption increases
3. GDP increases

Select the correct answer using the codes given below.

- a) 1 only b) 1 and 2 only c) 1 and 3 only d) None

ANSWER: d) None.

Gross capital formation, in simple terms is equivalent to investment made. It was earlier called gross domestic investment. The part of GDP that is used is called gross domestic consumption, while the part that is saved is gross domestic savings (GDS). Some part of this GDS will be re-invested back, and that is called gross capital formation. Now, an increase in GDP or GDS will not necessarily lead to an increase in capital formation. Because how much is invested back will depend on many other factors.

93. Consider the following statements:

1. India's GDP is more than its GNP.
2. Net Factor Income from Abroad (NFIA) is positive for India.

Which of the statements given above is/are correct?

- a) 1 only b) 2 only c) Both 1 and 2 d) Neither 1 nor 2

ANSWER: a) 1 only.

GNP = GDP + NFIA. India's NFIA is negative. Thus India's GDP is more than its GNP. NFIA = Factor income earned from abroad by residents – Factor income of nonresidents in domestic territory.

94. Integrated Child Development Services (ICDS) Scheme aims to provide many services to children that includes:

1. school education
2. Nutrition support
3. Immunization

Select the correct answer using the codes given below.

- a) 1 and 2 only b) 1 and 3 only c) 2 and 3 only d) 1, 2 and 3

ANSWER: c) 2 and 3 only.

ICDS provides Supplementary nutrition, Immunization, Primary healthcare (Health check-up, referral services.) and preschool education to children under 6 years of age and their mothers.

95. Gross budgetary support means:

- a) centre's contribution to budget
- b) expenditure in budget on social schemes
- c) assistance provided by the Centre to five year plan.
- d) none of the above

ANSWER: c) assistance provided by the Centre to five year plan.

The Government's support to the Central plan is called the Gross Budgetary Support. In the recent years the GBS has been slightly more than 50% of the total Central Plan. The share of the GBS in

Central Plan has been rising since 2008-09.

96. Consider the following data:

1. Revenue deficit (RD) = 3% of GDP |
2. Grants for capital formation = 1.8% of GDP
3. Primary deficit (PD) = 1.2%
4. Non-plan expenditure = 1.5%

In the above scenario, effective revenue deficit (ERD) will be:

- a) 1.2% b) 1.5% c) 1.8% d) cannot be calculated

ANSWER: a) 1.2%.

ERD = RD - Grants for capital formation.

Therefore, here $ERD = 3\% - 1.8\% = 1.2\%$. The rest two data about primary deficit and non-plan expenditure is not needed to calculate ERD. Effective Revenue was first introduced in the Union Budget 2011-12. While revenue deficit is the difference between revenue receipts and revenue expenditure, this accounting system includes all grants from the Union Government to the state governments as revenue expenditure, even if they are used to create assets. Such revenue expenditures contribute to the growth in the economy and therefore, should not be treated as unproductive in nature.

97. Which of the following interest rates is still regulated?

1. Savings account interest rate
2. Fixed deposit interest rate
3. Current account interest rate

Select the correct answer using the codes given below.

- a) 1 only b) 1 and 2 only c) 3 only d) None

ANSWER: d) None.

All the interest rates in India have been deregulated. The last one was savings interest rate which was deregulated in 2011.

98. In India, which of the following is/are a mechanism of deficit financing?

1. Borrowing from RBI.
2. Borrowing from commercial banks.
3. Issuing fresh currency notes.

Select the correct answer using the codes given below.

- a) 1 and 2 only b) 1 and 3 only
c) 2 and 3 only d) 1, 2 and 3

ANSWER: b) 1 and 3 only.

Deficit financing is a method of meeting government deficits through the creation of new money. The deficit is the gap caused by the excess of government expenditure over its receipts. Deficit financing in India is done by – 1. Withdrawal of past accumulated cash balances 2. Borrowing from RBI 3. Issuing fresh currency notes. Borrowing from commercial banks is not a part of deficit banking.

99. International Development Association (IDA) is called the 'soft' window of the World Bank (WB) because:

- a) it lends for software and It development b) taking loans from it is very easy
c) its loans are interest free d) none of the above

ANSWER: c) its loans are interest free.

Very important point to remember about IDA. Its loans are interest free (only administrative cost is charged). Further, the repayment period is very long like 35-40 years and the repayment starts after 10 years of taking loans. This way, it helps the developing countries to focus on development without worrying about paying back of loan quickly.

100. Development expenditure would include:

1. expenditure on building roads.
2. debt service liabilities.
3. grants-in-aid.

Select the correct answer using the codes given below.

- a) 1 and 2 only b) 1 and 3 only c) 2 and 3 only d) 1, 2 and 3

ANSWER: b) 1 and 3 only.

Simple question. Building roads, grants-in-aid is part of development expenditure. Money spent on servicing debt would not lead to development hence 2 is not part of development expenditure.

101. With reference to narrow money, consider the following statements :

1. They are highly liquid.
2. Banks run their lending programme mainly with this money.

Which of the statements given above is/are correct ?

- a) 1 only b) 2 only c) Both 1 and 2 d) Neither 1 nor 2

ANSWER: a) 1 only.

Narrow money = currency with public + demand deposit with banks + "other" deposits with RBI. It is denoted by M1. It is highly liquid. Now, banks cannot carry their lending program with such highly liquid money as they have to return it pay when required by depositor. For eg. demand deposit is a part of M1. Banks have to return the demand deposit immediately if the depositor demands it. But if bank had lent that money to others, it cannot return it. So, the lending program is mainly carried by such money which is less liquid, like broad money (M3). So, statement 2 is incorrect.

100 people went for a job in a company. The company told them that while there is a vacancy, none of them posses the skill required for the job. What kind of unemployment would this be called?

- a) disguised unemployment b) structural unemployment
c) cyclical unemployment d) none of the above

ANSWER: b) structural unemployment.

Structural unemployment is a category of unemployment arising from the mismatch between the jobs available in the market and the skills of the available workers in the market. So when people cannot be employed because they do not possess the requisite skills it is called structural unemployment.

102. Credit Default Swaps (CDS) can be beneficial for an economy as they:

- a) helps in redistribution of loans.
- b) Enhance investment opportunities
- c) leads to loan waivers.

Select the correct answer using the codes given below.

- a) 1 and 2 only b) 1 and 3 only c) 2 and 3 only d) 1, 2 and 3

ANSWER: a) 1 and 2 only.

CDS is a tool to transfer and manage credit risk. If giving credit (like lending) is made less risky by CDS, it would definitely increase the investor's interest thus enhancing investment opportunities. So statement 1 and 2 are correct. CDS does not waive off loans, it just redistributes the risk of lending.

Even if you had no idea about CDS, you still could have got the ans, by eliminating statement 3 as any kind of loan waiver is never good for economy.

103. Twin deficit in a economy means:

- a) high current account deficit and high fiscal deficit.
- b) High capital account deficit and high fiscal deficit.
- c) High current account deficit and high capital account deficit.
- d) High budget deficit and high fiscal deficit.

ANSWER: a) high current account deficit and high fiscal deficit.

Economies that have both a fiscal deficit and a current account deficit are often referred to as having "twin deficits." Higher twin deficit is inherently destabilizing and was the primary reason why India faced a currency crisis back in 1991. Higher current account deficit means higher demand for foreign currency, which results in depreciation of the domestic currency. It also discourages capital inflow and leads to capital flight from the country. Higher fiscal deficit, apart from affecting savings and growth, affects business confidence.

104 . The current account of the balance of payments (BoP) includes:

- a) foreign aid.
- b) Foreign institutional investments.
- c) Remittances.

Select the correct answer using the codes given below.

- a) 1 and 2 only
- b) 1 and 3 only
- c) 3 only
- d) 2 and 3 only

ANSWER: b) 1 and 3 only.

Foreign institutional investment (FII) are part of capital account. Remittances and foreign aid (under the heading of transfers) come under current account.

105. Which of the following prices is/are fixed by the central government?

- a) Maximum Retail Price (MRP)
- b) Minimum Support Price (MSP)
- c) Fair and Remunerative Price (FRP)

Select the correct answer using the codes given below.

- a) 1 and 2 only
- b) 1 and 3 only
- c) 2 only
- d) 2 and 3 only

ANSWER: d) 2 and 3 only.

MSP is fixed by the central govt (CG) on the recommendations of the Commission on Agricultural Cost and Prices (CAPC). FRP is for sugar, which is fixed by the central government. It is normally higher than MSP, but serves the same purpose of providing a guarantee to sugarcane farmers that their produce will be bought at a given price. FRP is the existing arrangement for the price to be paid to sugarcane farmers by the Sugar Mills and is announced each year by the Centre, under the Sugarcane Control Order and on the advice of Commission for Agricultural Costs and Prices (CACPC), as the minimum price of sugarcane. However, many states in north India also announce a State Advised Price (SAP) under state legislation. Generally, the SAP is substantially higher than the FRP, and therefore wherever SAP is declared, it is the ruling price. Mill owners are obligated to pay SAP to farmers. MRP is fixed by manufacturers. However, government can play a regulatory and advisory role in fixing of MRP.

106. Consider the following statements about Securities Transaction Tax (STT)

- 1. The point of incidence and impact of STT is not same.
- 2. Government securities are exempted from STT.

Which of the statements given above is/are correct ?

- a) 1 only b) 2 only c) Both 1 and 2 d) Neither 1 nor 2

ANSWER: b) 2 only.

The **first** statement might look a bit complicated to understand. But essential what it is saying is that STT is an indirect tax, which is incorrect as STT is a direct tax. An indirect tax is whose point of incidence (i.e where it is applied) and impact (those who are affected by it) is not same, like VAT. In VAT, it seems that producers, wholesalers, retailers are paying the tax, but actually its the consumer who in getting impacted. But in case of direct tax both point of incidence and impact is same, like income tax, STT etc. UPSC often uses definition of term (instead of using the term itself) to make a question confusing.

107. The term 'micro-finance' frequently appears in newspapers. Micro-finance includes:

- a) small loans
b) small deposits
c) money transfer
d) payment services

Select the correct answer using the codes given below.

- a) 1, 2 and 3 only b) 1, 3 and 4 only
c) 2, 3 and 4 only d) 1, 2, 3 and 4

ANSWER: d) 1, 2, 3 and 4.

Microfinance refers to a variety of financial services that target low-income clients. Since the clients of microfinance institutions (MFIs) have lower incomes and often have limited access to other financial services, microfinance products tend to be for smaller monetary amounts than traditional financial services. These services include loans, savings, insurance, and remittances (payments). So, microfinance is not limited to loans and deposits only, it includes other financial services also.

108. Consider the following statements about International Finance Corporation:

1. It is known as the private arm of the world bank.
2. It lends money to private sector companies of all countries.

Which of the statements given above is/are correct?

- a) 1 only b) 2 only c) Both 1 and 2 d) Neither 1 nor 2

ANSWER: a) 1 only.

IFC lends money to private sector companies of its member countries only and not all countries.

109. Inclusive growth is an important objective of the development process. In this context, which of the following would amount to inclusive growth?

1. Poverty reduction.
2. Disinvestment.
3. Good governance.
4. Skill building.

Select the correct answer using the codes given below.

- a) 1, 2 and 3 only b) 1, 3 and 4 only
c) 2, 3 and 4 only d) 1, 2, and 4 only

ANSWER: b) 1, 3 and 4 only.

111. Which of the following is/are a part of the participatory development process?

1. State
2. NGOs
3. Pressure groups

4. Cooperatives

Select the correct answer using the codes given below.

- a) 1, 2 and 3 only
b) 1, 3 and 4 only
c) 2, 3 and 4 only
d) 1, 2, 3 and 4

ANSWER: d) 1, 2, 3 and 4.

113. The mandate of the 14th finance Commission includes suggesting:

1. Mechanism for pricing of public utilities.
2. The implementation process for GST.
3. Fiscal consolidation measures.

Select the correct answer using the codes given below.

- a) 1 and 2 only
b) 1 and 3 only
c) 2 and 3 only
d) 1, 2 and 3

ANSWER: d) 1, 2 and 3.

114. Which of the following is/are used as an indicator in calculating Multidimensional Poverty Index (MPI)?

1. Maternal mortality
2. Nutrition
3. Access to electricity
4. Access to telephone

Select the correct answer using the codes given below.

- a) 1, 2 and 3 only
b) 1, 3 and 4 only
c) 2 and 3 only
d) 1, 2, and 4 only

ANSWER: c) 2 and 3 only.

115. India maintains buffer stocks of food grains. The buffer stocks helps in:

1. Providing food security
2. Incentivizing farmers
3. Stabilizing prices
4. Running PDS

Select the correct answer using the codes given below.

- a) 1, 2 and 3 only
b) 1, 3 and 4 only
c) 2, 3 and 4 only
d) 1, 2, and 4 only

ANSWER: b) 1,3 and 4 only.

Incentivizing farmers – This is done by announcing the minimum support prices (MSP) and other schemes like price stabilization fund schemes for plantation crops. The buffer stocks helps in providing food through the PDS, thus ensuring food security. It also acts as a cushion during price rises due to shortfall, thus helping in stabilizing prices.

116. Consider the following economy traits :

1. Prolonged increase in demand
2. Heating up of economy
3. Demand-supply lag

They are the characteristic feature of which phase of business/economy cycle?

- a. Recession b. Depression c. Recovery d. Boom

ANSWER: d) Boom.

117. The Kudumbashree program by the Kerala government works in the area of:

- ## 1. Reducing maternal mortality

2. Providing micro credit
3. Enhancing entrepreneurship
4. Providing housing

Select the correct answer using the codes given below.

- | | |
|-----------------|---------------------|
| a) 1 and 2 only | b) 1, 3 and 4 only |
| c) 2 and 3 only | d) 1, 2, and 4 only |

ANSWER: c) 2 and 3 only.

Kudumbashree was launched by the Government of Kerala in 1998 for wiping out absolute poverty from the State through concerted community action under the leadership of Local Self Governments. It is built around three critical components – 1. micro credit, 2. entrepreneurship and 3. empowerment. The Kudumbashree initiative has succeeded in addressing the basic needs of the less privileged women, thus providing them a more dignified life and a better future. Literal meaning of Kudumbashree is prosperity (shree) of family (Kudumbam).

118. The Price stabilization fund will support the procurement of:

1. Onion
2. Groundnut
3. Potato
4. Rice

Select the correct answer using the codes given below.

- | | |
|-----------------|-----------------|
| a) 1 and 2 only | b) 1 and 3 only |
| c) 2 and 3 only | d) 1 and 4 only |

ANSWER: b) 1 and 3 only.

119 . The National Food Security Mission (NFSM) aims to enhance the production of:

1. rice
2. wheat
3. fruits
4. vegetables
5. pulses
6. coarse cereals

Select the correct answer using the codes given below.

- | | |
|-----------------------|-----------------------|
| a) 1, 2, 3 and 4 only | b) 1, 2 and 5 only |
| c) 1, 2, 3 and 5 only | d) 1, 2, 5 and 6 only |

ANSWER: d) 1, 2, 5 and 6 only.

The National Development Council (NDC) in its 53rd meeting held on 29th May, 2007 adopted a resolution to launch a Food Security Mission comprising rice, wheat and pulses to increase the production of rice by 10 million tons, wheat by 8 million tons and pulses by 2 million tons by the end of the Eleventh Plan (2011-12).

120. Which of the following schemes has an impact on women empowerment?

1. ICDS
2. ASIDE
3. Swadhar
4. Ujjawala

Select the correct answer using the codes given below.

- | | |
|--------------------|--------------------|
| a) 1, 2 and 3 only | b) 1, 3 and 4 only |
| c) 2, 3 and 4 only | d) 1, 2, 3 and 4 |

ANSWER: b) 1, 3 and 4 only.

ASIDE – Assistance to States for Developing Export Infrastructure and other Allied Activities. The objective of the scheme is to involve the states in the export effort by providing financial assistance for the creation of critical infrastructure for the development and growth of exports. The Swadhar Scheme purports to address the specific vulnerability of each of group of women in difficult circumstances through a Home-based holistic and integrated approach. 'Ujjawala' -is a comprehensive scheme for the prevention of trafficking, rescue and rehabilitation of women and child victims of trafficking for commercial sexual exploitation in India. ICDS is well known. So, except ASIDE, all others have an impact on women empowerment

121. Bringing Green Revolution to eastern India is a sub scheme of:

- a. National Mission on Agriculture Extension and Technology
- b. National Mission for sustainable agriculture
- c. Rashtriya Krishi Vikas Yojana

ANSWER: c) Rashtriya Krishi Vikas Yojana.

123. Which of the following schemes is/are financed by National Investment Fund:

- 1. JNNURM
- 2. NREGS
- 3. AIBP

Select the correct answer using the codes given below.

- a) 1 only
- b) 2 only
- c) 3 only
- d) none of the above

ANSWER: d) None.

124. The objective of the Green energy Corridor is to:

- a. create special industrial zones which will be powered by renewable energy.
- b. fund geothermal based energy projects.
- c. facilitate the flow of renewable energy into the national power grid.
- d. none of the above.

ANSWER: c) facilitate the flow of renewable energy into the national power grid.

125. With reference to Special Economic Zone (SEZ), consider the following statements :

- 1. SEZs have full freedom for subcontracting.
- 2. They are exempted from routine examination by custom authorities.

Which of the statements given above is/are correct?

- a) 1 only
- b) 2 only
- c) Both 1 and 2
- d) Neither 1 nor 2

ANSWER: c) Both 1 and 2.

127. Which of the following is a reason for inflation?

- 1. Deficit financing
- 2. Growth in per capita income
- 3. Structural deficiencies
- 4. All the above

ANSWER: d. All the above

128. Which of the following is an effect of inflation?

- a. Erosion in purchasing power
- b. Affects relative price of goods
- c. Increase in inequalities of income
- d. All the above

ANSWER: d. All the above

129. Consider the following statements and identify the right ones.

i. Government can reduce indirect taxes to control inflation

ii. There is trade-off between growth and inflation in India

a. i only b. ii only c. both d. none

ANSWER: : c. both

Growth cannot be sustained in inflationary situation for a long time and inflation is bound to be high with high growth rates.

130. Which of the following is not a reason for inflation?

a. Increase in administered prices

b. Increase in cost of capital

c. More dependence on indirect taxes for revenue

d. None of these

ANSWER: d. None of these

131. Which of the following can be undertaken to control inflation?

a. Control on public expenditure

b. Control on hoarding and black marketing

c. Effective control on credit

d. All the above

ANSWER: d. All the above

Inflation can be controlled using monetary, fiscal and other measures.

132. Consider the following statements and identify the right ones.

i. For measuring overall inflation in the economy, CPI is used.

ii. WPI was first published in 1942 for 23 commodities

a. i only b. ii only c. both d. none

ANSWER: b. ii only

For measuring overall inflation in the economy, WPI is used. WPI was first published in 1942 for 23 commodities.

133. The base year used for WPI is:

a. 1993-94

b. 2001-02

c. 2004-05

d. 2014-15

ANSWER: c. 2004-05

The base year used for WPI is 2004-05, based on the recommendations of Abhijit Sen Committee.

134. Consider the following statements and identify the right ones.

i. There are 676 items divided into 3 parts in the WPI

ii. All the 3 parts are given equal weightage

a. i only b. ii only c. both d. none

ANSWER: a. I only

Primary articles constitute 20.12 weightage, fuel has weightage of 14.91 while manufactured

items have 64.97 weightage.

135. Which group constitutes maximum weightage in WPI?

- a. Primary articles b. Fuel c. Manufactured items d. Equal weightage

ANSWER: c. Manufactured items

Primary articles constitute 20.12 weightage, fuel has weightage of 14.91 while manufactured items have 64.97 weightage.

136. The base year to calculate CPI-IW is:

- a. 2001 b. 1994 c. 1991 d. 2004

ANSWER: a. 2001

The base year to calculate CPI-IW is 2001. 260 items are included in the index.

137. The base year to calculate CPI-AL is:

- a. 1980-81 b. 1986-87 c. 2001-02 d. 2003-04

ANSWER: b. 1986-87

The base year to calculate CPI-AL is 1986-87 and 260 items are included in the index.

138. The base year to calculate CPI-UNME is:

- a. 1980-81 b. 2001-02 c. 2003-04 d. 1984-85

ANSWER: d. 1984-85

The base year to calculate CPI-UNME is 1984-85. 180 items are included in the index.

139. Consider the following statements and identify the right ones.

- i. RBI has the sole right to issue currency notes
 - ii. Minimum reserve system has been replaced by proportional reserve system
- a. i only b. ii only c. both
d. none

ANSWER: a. i only

Proportional reserve system has been replaced by minimum reserve system.

140. Which of the following is not a function of RBI?

- a. Banker to government b. Regulation of foreign exchange
c. Collection and publication of data d. None of the above

ANSWER: d. None of the above

RBI performs central banking functions as well as development and promotional functions.

141. Consider the following statements and identify the right ones.

1. RBI provides advice in all monetary matters except agriculture and industrial finance.
 2. RBI is obliged to transact business of central government and state governments including J&K
- a. i only b. ii only c. both d. none

ANSWER: d. none

RBI provides advice in all monetary matters including agriculture and industrial finance. RBI is obliged to transact business of central government and state governments excluding J&K.

142 . Consider the following statements and identify the right ones.

- i. RBI acts as clearing house for commercial banks.
- ii. It also grants license for setting up banking operations
- a. I only b. ii only c. both d. none

ANSWER: c. both

RBI is also responsible for regulating banks, directs their credit policies and provides advice to them.

143. The amount a bank needs to maintain in form of cash, gold and other securities before giving credit is:

- a. SLR b. CRR c. OMO d. Bank rate

ANSWER: a. SLR

The amount a bank needs to maintain in form of cash, gold and other securities before giving credit is called SLR.

144. The percentage of demand and time liabilities that banks have to keep with RBI is:

- a. SLR b. CRR c. OMO d. Bank rate

ANSWER: b. CRR

The percentage of demand and time liabilities that banks have to keep with RBI is called cash reserve ratio.

145. Consider the following statements and identify the right ones.

- i. RBI is the custodian of foreign exchange reserves of the country.
- ii. It also keeps the exchange rate of domestic currency at stable level.
- a. i only b. ii only c. both d. none

ANSWER: c. both

RBI is responsible for transaction of the currencies of IMF countries.

146. Which of the following is not a function of RBI?

- a. Branch licenses and expansion b. Supervision of assets and liabilities
- c. Reconstruction and liquidity d. None of the above

ANSWER: d. None of the above

RBI has a set of supervisory functions too.

147. For bank rate to be effective, which of the following conditions are to be fulfilled?

- a. Banks should be ready to avail rediscounting facility from RBI
- b. Banks should have adequate quantity of credit instruments that can be rediscounted
- c. Banks donot have surplus cash and depend on RBI for extraordinary needs

d. All the above

ANSWER: d. All the above

Bank rate is the rate at which banks can borrow from RBI when in need of funds.

148. The buying, selling of treasury bills, government and other securities by RBI is called:

- a. Cash reserve ratio b. Statutory liquidity ratio
- c. Open market operations d. None of the above

ANSWER: c. Open market operations

CRR, SLR and OMO are various tools in the hands of RBI to influence money supply in the economy.

149. Who issues metallic coins in India?

- a. RBI
- b. Government of India
- c. Banks and financial institutions
- d. Any of the above can issue it.

ANSWER: b. Government of India

The Government of India issues metallic coins in India. Coins, paper currency and deposits are the components of money supply in India.

150. Which of the following is issued by RBI?

- a. Currency notes
- b. Coins
- c. Both
- d. None

ANSWER: a. Currency notes

Currency notes are issued by RBI. The Government of India issues metallic coins in India.

151. Consider the following statements and identify the right ones.

- i. Deposits are created by banks and financial institutions.
- ii. They constitute the major source of money supply in India.
- a. I only
- b. ii only
- c. both
- d. none

ANSWER: c. both

Coins, paper currency and deposits are the components of money supply in India.

152. Which of the following about money supply measure adopted in 1977 is correct?

- a. $M_2 = M_1 + \text{demand deposits with post offices}$
- b. $M_3 = M_1 + \text{term deposits with banks}$
- c. $M_4 = M_3 + \text{total deposits with post offices}$
- d. All the above

ANSWER: d. All the above

These are the measures of money supply adopted by RBI in 1977.

153. Which of the following is most liquid measure of money supply in India?

- a. M_1
- b. M_2
- c. M_3
- d. M_4

ANSWER: a. M_1

$M_1 = \text{cash with the public} + \text{demand deposits with banks} + \text{other deposits with RBI}$

154. Which of the following is known as broad money?

- a. M_1
- b. M_2
- c. M_3
- d. M_4

ANSWER: c. M_3

M_3 is known as broad money as more items are included in this measure when compared to M_1 which is known as narrow money.

155. Which of the following about money supply measures adopted in 1998 is wrong?

- a. $M_1 = \text{currency with public} + \text{demand deposits with banking system} + \text{other deposits with RBI}$
- b. $M_2 = M_1 + \text{savings deposits of post office savings bank}$
- c. $M_3 = M_1 + \text{time deposits with banking system}$
- d. None of the above

ANSWER: d. None of the above

$M_4 = M_3 + \text{all deposits with post office savings banks excluding National Savings Certificate}$

156. Consider the following statements and identify the right ones.

- i. Data on Mo are published on monthly basis
- ii. Data on M1 and M3 are available on weekly basis

Codes:

- a. I only b. ii only c. both d. none

ANSWER: d. none

157. Consider the following statements and identify the right ones.

- i. Data on liquidity aggregates L1 and L2 are published weekly
- ii. Data on L3 are published once in a quarter.
- a. i only b. ii only c. both d. none of the above.

ANSWER: b. ii only

Data on liquidity aggregates L1 and L2 are published on a monthly basis.

158. Which of the following banks was not nationalized in 1969?

- a. Vijaya Bank b. Canara Bank
- c. Bank of India d. Central Bank of India

ANSWER: a. Vijaya Bank

Vijaya Bank was nationalized in 1980 with 5 other banks. In 1969, 14 banks were nationalized.

159. Which of the following banks were nationalized in 1980?

- a. Andhra Bank b. Vijaya Bank
- c. Corporation Bank d. All the above

ANSWER: d. All the above

The other 3 banks are Punjab and Sind Bank, New bank of India and Oriental Bank of Commerce.

160. Consider the following statements and identify the right ones.

- i. Post nationalization, banks were supposed to open more branches in rural and semi-urban areas
- ii. Banks had to provide credit facilities to areas that come under priority sector.
- a. i only b. ii only c. both d. none

ANSWER: c. both

Post nationalization, banks were supposed to open more branches in rural and semi-urban areas in order to collect savings from these areas.

161. Consider the following statements and identify the right ones.

- 1. The lead bank scheme owes its origin to Nariman Committee
- 2. Under this scheme, SBI and its subsidiaries only were given the responsibility of development of districts
- a. 1 only b. 2 only c. both d. none

ANSWER: a. I only

Under this scheme, SBI and its subsidiaries, 14 nationalised banks as well as 3 private banks were given the responsibility of development of districts.

162. Regional Rural Banks work at:

- a. Hobli level b. Taluk level c. District level d. All levels

ANSWER: c. District level

163. Which of the following is a subsidiary of SBI?

- a. State Bank of Hyderabad b. State Bank of Mysore
c. State Bank of Patiala d. All the above

ANSWER: d. All the above

SBI has 5 subsidiaries now. The other 2 are State Bank of Bikaner and Jaipur and State Bank of Travancore.

164. In 2001, RBI issued a set of guidelines for private sector. Which of the following is true?

- a. Initial paid-up capital should be 200 crore rupees
b. Share of promoters in paid-up capital should not be less than 40%
c. Big corporate houses are not allowed to promote any bank
d. All the above

ANSWER: d. All the above

The paid up capital should be increased to 300 crore rupees in 3 years of operation.

165. In 2001, RBI issued a set of guidelines for private sector. Which of the following is true?

- a. NBFCs with minimum CAR of 12% and with good track record will be allowed to open private banks
b. New banks have to open minimum 25% of branches in rural and semi-urban areas
c. They have to provide minimum 40% of loans to priority sector
d. All the above

ANSWER: d. All the above

167. Which of the following is a method to measure relative poverty?

- a. Gini coefficient b. Lorenz curve
c. Both a and b d. Poverty line

ANSWER: c. Both a and b

Relative poverty refers to income inequality where high income group has more share than low income group.

168. Which of the following is associated with poverty estimation ?

- a. Tendulkar committee b. Lakdawala committee
c. Saxena committee d. All the above

ANSWER: d. All the above

All these committees have recommended various criteria and methods of poverty estimation.

169. Consider the following statements and identify the right ones.

- i. Poverty line is defined as the mid-point of monthly per capita expenditure class having a daily calorie intake of 2400 calorie per person in urban areas.
ii. In rural areas, it is 2100 calories a day
a. I only b. ii only c. both d. none

ANSWER: d. none

Poverty line is defined as the mid-point of monthly per capita expenditure class having a daily calorie intake of 2400 calorie per person in rural areas and for urban areas, it is 2100

calories.

170. Consider the following statements and identify the right ones.

1. The Tendulkar panel committee on poverty submitted its report in 2001
2. As per the report, poverty estimates will be based on private household consumer expenditure of households

Codes:

- a. I only b. ii only c. both d. none

ANSWER: b. ii only

The Tendulkar panel committee on poverty submitted its report in 2009. The data is collected by the NSSO.

171. Consider the following statements and identify the right ones.

- i. As per the Tendulkar report, NSSO has decided to shift mixed reference period.
- ii. Prior to this, 30 day recall period was used.

- a. I only b. ii only c. both d. none

ANSWER:: c. both.

172. The Saxena Committee was constituted by:

- a. Ministry of Home Affairs b. Ministry of Rural Development
c. Ministry of Economic Affairs d. Ministry of Social Welfare

ANSWER: b. Ministry of Rural Development

173. Which of the following is not included in the automatic exclusion as per the Saxena Committee?

- a. Families having two wheelers
- b. Families having minimum one mechanized farm equipment
- c. Income tax payers
- d. Families having a person who draws above 10000 rupees per month working in private organization

ANSWER: a. Families having two wheelers

174. Which of the following is included in the automatic inclusion category?

- a. Designated primitive tribal groups b. Single women-headed households
c. Homeless households d. All the above

ANSWER: d. All the above

175. Which of the following is the nodal Ministry to identify BPL families in urban areas?

- a. Ministry of Economic Affairs b. Ministry of Social Welfare
c. Ministry of Housing and Poverty Alleviation d. Ministry of Urban Development

ANSWER: c. Ministry of Housing and Poverty Alleviation

176. The current weekly status of a person is calculated with a reference period of:

- a. 5 days b. 6 days c. 7 days d. 4 weeks

ANSWER: c. 7 days

OTHER IMPORTANT MCQS

1. Frequency density of a class is defined as—

- (A) Frequency of the class/Interval of the class
- (B) Frequency of the class/ Cumulative frequency for the class
- (C) Cumulative frequency for the class/Frequency of the class
- (D) Frequency of the class/ Frequency of the previous class

2. Which of the following is statistics?

- (A) Profit of a firm has gone up
- (B) The production of wheat has increased
- (C) The temperature of Delhi is 5 degree more than the temperature of Mumbai
- (D) The birth rate has declined in India

3. At end March 2009, India's total foreign exchange reserves stood at?

- (A) Approximately \$ 150 billion
- (B) Approximately \$ 200 billion
- (C) Approximately \$ 250 billion
- (D) Approximately \$ 300 billion

4. A firm is called maximum efficient firm if it has?

- (A) Minimum Total Cost
- (B) Minimum Average Cost
- (C) Minimum Variable Cost
- (D) Minimum Marginal Cost

5. Implicit cost may be considered as?

- (A) Social cost
- (B) Private cost
- (C) Normal cost
- (D) Variable cost

6. The Mid-day Meal" scheme is covered under the Ministry of?

- (A) Human Resource Development
- (B) Health and Family Welfare
- (C) Social Justice and Empowerment
- (D) Consumer Affairs, Food and Public Distribution

7. Which of the following associate bank has been taken over by the State Bank of India in 2008?

- (A) State Bank of Travancore
- (B) State Bank of Hyderabad
- (C) State Bank of Mysore
- (D) State Bank of Saurashtra

8. Which of the following demand curves is not a constant elasticity curve?

- (A) Vertical
- (B) Horizontal
- (C) Linear
- (D) Rectangular hyperbola

9. The following theory of profit has been given by J. A. Schumpeter?

- (A) Risk theory of profit
- (B) Uncertainty bearing theory of profit
- (C) Innovation theory of profit
- (D) Dynamic theory of profit

10. The formula for determination of number of class interval for a frequency distribution is given by?

- (A) Connor
- (B) Spur
- (C) Sturges
- (D) Secrist

11. In the Union Budget, the term „Primary Deficit“ means?

- (A) Revenue Deficit — Interest Payment
- (B) Fiscal Deficit — Interest Payment
- (C) Revenue Expenditure — Revenue Receipts
- (D) Total Expenditure — Total Borrowing

12. As a measure to unearth black money, the demonetisation of Rupees 1000 currency notes in India was done in the year?

- (A) 1968 (B) 1978 (C) 1988 (D) 1998

13. The Lead Bank scheme was launched in India on the recommendation of?

- (A) M. Narasimhan (B) F. K. F. Nariman
(C) D. T. Lakdawala (D) V. M. Dandekar

14. Firms have chronic excess production capacity in?

- (A) Duopoly (B) Oligopoly
(C) Pure competition (D) Monopolistic competition

15. In a two sector model when consumption is equal to $40 + 0.90 Y$ and investment is equal to 50, the equilibrium output will be equal to?

- (A) 500 (B) 700 (C) 900 (D) 1100

16. The positional average is shown by ?

- (A) Mean deviation (B) Standard deviation
(C) Mean (D) Median

17. The shutdown point is that level of output of a firm where?

- (A) $MC=AFC$ (B) $MC=AVC$
(C) $MC=TFC$ (D) $MC=TVC$

18. Which of the following functions is not a component of Kaldor's model of growth?

- (A) Employment function (B) Technical progress function
(C) Saving function (D) Investment function

19. Walra's Law states that the sum of the excess demand for money, bonds and current output must be?

- (A) Less than zero (B) Equal to zero
(C) Equal to one (D) More than zero

20. For a unitary elastic demand curve, when price increases, the amount spent by a consumer on a good?

- (A) Decreases (B) Increases
(C) Remains unchanged (D) Becomes zero

21. Correlation coefficient is significant if it is?

- (A) Less than 6 times of probable error (B) More than 6 times of probable error
(C) Equal to probable error (D) Equal to standard error

22. The term 'rainy day' used by Keynes is related with?

- (A) Effective demand (B) Precautionary demand
(C) Investment multiplier (D) Inflationary gap

23. Root mean square of all the deviations is known as?

- (A) Mean deviation from median (B) Mean deviation from mode
(C) Standard deviation (D) Quartile deviation

24. If there is perfect correlation between two variables, then the regression lines are?

- (A) Parallel (B) Perpendicular
(C) Coincidental (D) Intersectional

25. A producer's surplus is equal to?

- (A) AR—MC (B) AR—AC
(C) AR-MR (D) TR—TC

26. According to 2001 census, the total number of persons living in urban slums was approximately?

- (A) 1 crore (B) 2 crore (C) 3 crore (D) 4 crore

27. The tax called CENVAT is related to?

- (A) Central Sales Tax (B) Union Excise Duty
(C) Corporate Tax (D) Custom Duty

28. The price and quantity, both are indeterminate under?

- (A) Pure competition (B) Perfect competition
(C) Monopoly (D) Bilateral monopoly

29. Which of the following is not an example of Internal Economies?

- (A) Economies of superior technology (B) Economies of division of labour
(C) Economies of competition (D) Economies of management

30. Which of the following type of facts are not considered under the study of statistics?

- (A) Quantitative facts (B) Qualitative facts
(C) Comparative facts (D) Relative facts

31. The statistical calculations in classified data are based on?

- (A) The actual values of observations (B) The upper class limits
(C) The lower class limits (D) The mid-points of the classes

32. The concept of merit goods has been introduced by?

- (A) Buchanan (B) Musgrave
(C) Samuelson (D) Tiebout

33. The Child Labour (Prohibition and Regulation) Act, 1986 prohibits the employment of Children below the age of?

- (A) 10 years (B) 12 years
(C) 14 years (D) 16 years

34. The Prime Lending Rate of Commercial Banks are decided by?

- (A) Positive (B) Negative
(C) Zero (D) Infinite

35. The cross elasticity of demand for substitute commodities is always?

- (A) Positive (B) Negative
(C) Zero (D) Infinite

36. The K-factor analysis is related with?

- (A) Economic growth rate (B) Trends in foreign trade
(C) Causes of mortality (D) Infrastructure facilities

37. The „knife-edge equilibrium“ in Harrod's model is an equality between?

- (A) G and Gw (B) Gw and Gn
(C) G and Gn (D) G, Gw and Gn

38. Stratified sampling is preferred, where?

- (A) Population is homogeneous (B) Population is heterogeneous

- (C) Random sampling is not possible (D) Small samples are required

39. Pure interest is?

- (A) Equal to the gross interest (B) Less than gross interest
(C) More than gross interest (D) Not related to gross interest

40. Which of the following is totally different from logical multiplier?

- (A) Instant multiplier (B) Lagless multiplier
(C) Static multiplier (D) Dynamic multiplier

41. Availability hypothesis explains a country's

- (A) Production capacity (B) Natural resources availability
(C) Commodity composition of foreign trade (D) Consumption pattern

42. For a Giffen good

- (A) Income effect is positive and substitution effect is negative
(B) Income effect is negative and substitution effect is positive
(C) Income effect and substitution effect both are positive
(D) Income effect and substitution effect both are negative

43. To meet the objective of inflation control, the Central Bank should adopt following policy measures

- (A) Increase in cash reserve ratio, along with purchase of securities under open market operations
(B) Increase in cash reserve ratio, along with sale of securities under open market operations
(C) Decrease in cash reserve ratio, along with purchase of securities under open market operations
(D) Decrease in cash reserve ratio, along with sale of securities under open market operations

44. The relative measures of dispersion are generally called?

- (A) Dispersion coefficient (B) Dispersion multiplier
(C) Dispersion accelerator (D) Dispersion variable

45. Which of the following is not expressed by a transformation curve?

- (A) Choice (B) Scarcity
(C) Factor price (D) Opportunity cost

46. The central theme of the World Development Report, 2009 published by the World Bank is?

- (A) Agriculture for development (B) Development and next generation
(C) A better investment climate for every one (D) Reshaping economic geography

47. Under the first degree of price discrimination in discriminating monopoly, the consumer's surplus will be?

- (A) Zero (B) Maximum
(C) Minimum (D) Indeterminate

48. A rational consumer moves to a higher indifference curve due to?

- (A) Monotonic preference (B) Polytonic preference
(C) Convex preference (D) Concave preference

49. When was the concept of core sector introduced in Indian industries?

- (A) 1970 (B) 1980 (C) 1990 (D) 2000

50. Which is the apex bank for micro finance in India?

- (A) State Bank of India
(B) Industrial Development Bank of India

- (C) Small Industries Development Bank of India
 (D) National Bank for Agriculture and Rural Development

51. When the given values of x form geometric series and values of y form arithmetic series, the relationship between The variables is given by

- (A) Lemon function (B) Lemon homogeneous function
 (C) Binomial function (D) Exponential function

52. Statistical distrusters are due to?

- (A) Nature of statistics (B) Limited scope of statistics
 (C) insufficient tools of statistics (D) Misuse of statistics

53. Circular test is satisfied by the following index

- (A) Laspeyre's index (B) Pasche's index
 (C) Fisher's index (D) Kelly's index

54. Which of the following is the largest component of India's external debt?

- (A) Commercial borrowings (B) NRI deposits
 (C) Multilateral debt (D) Bilateral debt

55. Tobin tax is related with?

- (A) Black money transactions (B) Commodity transactions
 (C) Service transactions (D) Foreign exchange transactions

56. The terms Static and Dynamic in economics were first used by?

- (A) Malthus (B) Mill (C) Marshall (D) Walras

57. A metropolitan city is one which has a population size of more than?

- (A) 10 lakh (B) 15 lakh (C) 20 lakh (D) 25 lakh

58. According to fifth economic census, the highest number of industrial units in the country are located in the State of?

- (A) Maharashtra (B) Gujarat (C) Andhra Pradesh (D) Tamil Nadu

59. Under perfect competition, the entrepreneur's power of control over the price of the commodity is?

- (A) Total (B) Considerable (C) Some (D) None

60. Who has regarded the concept of „ideal output“ as an indicator of economic welfare?

- (A) Hicks (B) Pareto (C) Pigou (D) Kaldor

61. The technique of presenting data by pictogram was developed by?

- (A) Croxton and Cowden (B) Johnson and Jackson
 (C) Otto Neurth (D) Horace Secrist

62. The monetization of economy is measured by?

- (A) M_0/GDP (B) M_1/GDP
 (C) M_2/GDP (D) M_3/GDP

63. The shape of average selling cost curve is?

- (A) Hyperbola shaped (B) Rectangular Hyperbola shaped
 (C) L-shaped (D) U-shaped

64. The National Institute of Training for Standardization (NITS) is located at?

- (A) Hyderabad (B) Nagpur
(C) Chandigarh (D) Noida

65. NABARD is a?

- (A) Commercial Bank (B) Lead Bank
(C) Refinance Bank (D) Cooperative Bank

66. Cost-plus principle is related with?

- (A) Production theory (B) Value theory
(C) Marginal utility theory (D) Distribution theory

67. Which one of the following is not a feature of Stagflation?

- (A) High input cost (B) Excess in aggregate demand
(C) High price level (D) High unemployment level

68. The Hayek theory of trade cycle is related with?

- (A) Over-investment (B) Price fluctuation
(C) Interaction of multiplier and accelerator (D) Interaction of saving and investment

69. Which one of the following is a two-dimensional diagram?

- (A) Pictogram (B) Histogram
(C) Bar diagram (D) Line diagram

70. A firm's learning curve shows the following relationship between average cost of production and total output over time

- (A) Decline in average cost with increase in total output
(B) Decline in average cost with decline in total output
(C) Increase in average cost with decline in total output
(D) Increase in average cost with increase in total output

71. Select the correct statement regarding Harrod's accelerator and Domar's accelerator and decide which one is true

- (A) Harrod's accelerator is psychological and Domar's accelerator is technological
(B) Harrod's accelerator is technological and Domar's accelerator is psychological
(C) Harrod's accelerator is psychological and Domar's accelerator is also psychological
(D) Harrod's accelerator is technological and Domar's accelerator is also technological

72. The transfer payment multiplier in the Keynesian system will be equal to?

- (A) MPC/MPS (B) MPS/MPC
(C) $MPS/(1-MPC)$ (D) $MPC/(1-MPS)$

73. The difference between Natural rate and „Market rate“ of interest has been done by?

- (A) Robertson (B) Keynes
(C) Fisher (D) Wicksell

74. The quartile deviation for a normal distribution is always equal to?

- (A) $(2/3)\sigma$ (B) $(3/4)\sigma$
(C) $(4/5)\sigma$ (D) $(5/6)\sigma$

75. Which of the following is not a „shift factor of demand“?

- (A) Income (B) Price
(C) Fashion (D) Taste

76. The concept of „costing margin“ in the pricing theory was introduced by?

- (A) Andrews (B) Baumol
(C) Cournot (D) Williamson

77. The Keynesian theory of employment provides the solution of?

- (A) Frictional unemployment (B) Disguised unemployment
(C) Cyclical unemployment (D) Seasonal unemployment

78. Four heads of expenditure of the Union Budget 2009-10 are given below—

1. Plan expenditure 2. Non-plan expenditure
3. Revenue expenditure 4. Capital expenditure
Arrange the expenditure heads in descending order using the codes given below
(A) 2,3,4,1 (B) 3,4,2,1
(C) 3,2,1,4 (D) 2,1,4,3

79. In the year 2007-08 the per capita NNP at current prices was?

- (A) More than Rs. 20,000 (B) More than Rs. 30,000
(C) More than Rs. 40,000 (D) More than Rs. 50,000

80. Mathematics was first used in economic theory by?

- (A) Weiser (B) Walras
(C) Cournot (D) Pigou

81. India's foreign exchange rate system is?

- (A) Free float (B) Managed float
(C) Fixed (D) Fixed target of band

82. The terms „NEER“ and „REER“ are related with?

- (A) Foreign exchange rate (B) External economic resources:
(C) National and regional economic equality (D) Environmental regulation

83. For the calculation of percentile, the data should be arranged in?

- (A) Ascending order (B) Descending order
(C) Random order (D) Either random or descending order

84. As per BASEL-II norms, a bank's capital to risk weighted assets ratio (CRAR) should be at least?

- (A) 8% (B) 10% (C) 12% (D) 14%

85. The shape of a frequency curve cannot be?

- (A) U-shaped (B) V Shaped
(C) J-shaped (D) S-shaped

86. According to the Planning Commission, for infrastructure development during Eleventh Five Year Plan, the required investment is?

- (A) Approximately \$ 250 billion (B) Approximately \$ 500 billion
(C) Approximately \$ 750 billion (D) Approximately \$ 1000 billion

87. India's first port-based Special Economic Zone named International Container Transshipment Terminal (ICTI) is being set-up at?

- (A) Kandla (B) Kochi
(C) Goa (D) Tuticorin

88. Which of the following is a pure unitless number?

- (A) Mathematical average (B) Statistical average

(C) Absolute measure of dispersion

(D) Relative measure of dispersion

89. The user cost of capital is?

(A) The real rate of interest plus the rate of depreciation

(B) The nominal rate of interest plus the rate of depreciation

(C) The real rate of interest only

(D) The nominal rate of interest only

90. The number of items reserved for the exclusive manufacture by micro and small enterprises is currently?

(A) Less than 25

(B) Less than 50

(C) Less than 75

(D) Less than 100

91. A new housing price index RESIDEX has been launched by?

(A) Central Statistical Organization

(B) Planning Commission

(C) Housing Development Finance Corporation

(D) National Housing Bank

92. Which one of the following is not a feature of current Indian Planning?

(A) Structural Planning

(B) Indicative Planning

(C) Functional Planning

(D) Decentralised Planning

93. The concept of disinvestment was introduced by?

(A) Friedman

(B) Kaldor

(C) Keynes

(D) Myrdal

94. Which of the following is average of second order?

(A) Arithmetic mean

(B) Geometric mean

(C) Second quartile

(D) Standard deviation

95. Which average is most affected by the extreme observations?

(A) Arithmetic mean

(B) Geometric mean

(C) Median

(D) Mode

96. If the covariance of two variables is equal to the product of the standard deviations of the variables, then the correlation coefficient will be?

(A) -1

(B) +1

(C) 0

(D) Between 0 and -1

97. The term „Animal Spirit“ was used by Keynes for?

(A) Consumption

(B) Investment

(C) Income

(D) Interest

98. The index of Financial Inclusion has been launched for the first time in 2008 by?

(A) Confederation of Indian Industries (CII)

(B) Federation of Indian Chamber of Commerce and Industry (FICCI)

(C) National Council of Applied Economic Research (NCAER)

(D) Indian Council for Research on International Economic Relations (ICRIER)

99. The elasticity of factor substitution for constant elasticity substitution production function is always?

(A) Zero

(B) One

(C) A positive value

(D) A negative value

100. The Revealed Preference theory assumes?

- (A) Weak ordering (B) Strong ordering
(C) Constant ordering (D) Multiple ordering

101. Which of the following is not an item of transfer payment?

- (A) Pension (B) Scholarship
(C) Dividend (D) Subsidy

102. The United Nation's Millennium Development Goals are to be reached by the year?

- (A) 2010 (B) 2015
(C) 2020 (D) 2025

103. The number of women entrepreneurs in small scale industrial region is highest in the state of?

- (A) Karnataka (B) Kerala
(C) Maharashtra (D) Tamil Nadu

104. Which of the following is not an effect of lump sum tax imposed on monopolist?

- (A) Output sold is unchanged (B) Price is unchanged
(C) Profit reduces (D) Incidence of tax is wholly on buyer

105. A distributed lag for net investment may be due to?

- (A) A decrease in the capital output ratio
(B) An increase in the capital output ratio
(C) Limited, short-run production capabilities in capital goods industry
(D) Limited long-run production capabilities in capital goods industry

106. The concept of Adjusted Net Saving has been given by?

- (A) Hamilton (B) Friedman
(C) Keynes (D) Pigou

107. The product of regression coefficients is always?

- (A) Positive (B) Negative
(C) Zero (D) A complex number

108. The nature of classical unemployment is?

- (A) Disguised (B) Frictional
(C) Open (D) Structural

109. Which one of the following properties shows the high degree of dispersion?

- (A) Homogeneity (B) Consistency
(C) Uniformity (D) Variability

110. The New Exploration License Policy (NELP) of the Government of India is related with?

- (A) Coal and Lignite (B) Uranium and Thorium
(C) Diamond and Precious Stones (D) Oil and Gas

111. Full employment is a situation when?

- (A) Cyclical unemployment is zero (B) Frictional unemployment is zero
(C) Seasonal unemployment is zero (D) Disguised unemployment is zero

112. Which Indian Company has been included for the first time in U.S. A's index NASDAQ-100?

- (A) Infosys (B) Tata Motors
(C) ICICI Bank (D) Videsh Sanchar Nigam Limited

113. The natural rate of unemployment is the sum of?

- (A) Frictional unemployment and Structural unemployment
- (B) Frictional unemployment and Cyclical unemployment
- (C) Structural unemployment and Cyclical unemployment
- (D) Structural unemployment and Seasonal unemployment

114. The nature of statistical inference is?

- (A) Inductive
- (B) Deductive
- (C) Descriptive
- (D) Objective

115. Mean deviation is always?

- (A) Equal to the standard deviation
- (B) Less than the standard deviation
- (C) More than the standard deviation
- (D) Twice of the standard deviation

116. The coefficient of alienation is known as?

- (A) Against correlation
- (B) Against variance
- (C) Against association
- (D) Against determination

117. The Divergence Indicator is related with?

- (A) Wage rate of workers
- (B) Exchange rate of currencies
- (C) Profit of firms
- (D) Market price of shares

118. Which one of the following taxes has not been abolished in recent Union Budgets?

- (A) Banking Cash Transaction
- (B) Commodity Transaction Tax
- (C) Fringe Benefit Tax
- (D) Securities Transaction Tax

119. The Samuelson-Holt formula provides a measure of?

- (A) Consumer's equilibrium
- (B) Consumer's surplus
- (C) Elasticity of demand
- (D) Marginal utility

120. The most liquid asset among the following is?

- (A) Gold
- (B) Share
- (C) Cash
- (D) Land

121. Ricardian Equivalence is related with?

- (A) Low deficit, less saving
- (B) Low deficit, more saving
- (C) High deficit, less saving
- (D) High deficit, more saving

122. The „Swiss Formula“ of World Trade Organisation is related with?

- (A) Patent of drugs
- (B) Agricultural subsidy
- (C) Transboundary services
- (D) Non-agricultural tariff

123. The Securities and Exchange Board of India has recently made the rating of Initial Public offerings mandatory. The total number of such grades are?

- (A) Three
- (B) Four
- (C) Five
- (D) Six

124. Consider the following statement— “Once a person has spent his entire income, he would have maximized his total pleasure from it only if the satisfaction gained from the last item of each commodity bought was the same for the each commodity.” The above statement is related to?

- (A) Gossen's First Law
- (B) Gossen's Second Law

(C) Gossen"s Third Law

(D) Gossen"s Fourth Law

125. Which of the following results in an increase in inventory sales ratio?

(A) A decrease in the cost of holding inventory

(B) An increase in probability delivery delays for materials

(C) A decrease in the probability delivery delays for materials

(D) An increase in the cost of: holding inventory

126. Harris-Todaro model is related with?

(A) Growth and unemployment

(B) Growth and migration

(C) Unemployment and migration

(D) Unemployment and inflation

127. Density test is used for?

(A) Median

(B) Mean

(C) Mode

(D) Quartile

128. In the Keynesian saving function, the parameter is ?

(A) Disposable income

(B) Total saving

(C) Marginal propensity to save

(D) Autonomous saving

129. A simple correlation can defined as the tendency of?

(A) Independent variation

(B) Dependent variation

(C) Simultaneous variation

(D) Instantaneous variation

130. For implementing a comprehensive Khadi Reform Programme, a financial aid of \$ 1 million over a period of three years has recently been tied up with?

(A) International Monetary Fund

(B) International Development Agency

(C) Asian Development Bank

(D) International Finance Corporation

131. For n consecutive natural numbers, the following relationship is correct?

(A) Mode = Mean

(B) Mean = Median

(C) Mode > Median

(D) Mode < Mean

132. The measure of the degree of association between the values of two random variables is called?

(A) Correlation

(B) Association

(C) Regression

(D) Co-variance

133. The current level of maternal morality rate in India is approximately?

(A) 150 per one lac live births

(B) 250 per one lac live births

(C) 350 per one lac live births

(D) 450 per one lac live births

134. In any set of numbers, the geometric mean exists only when all numbers are?

(A) Positive

(B) Negative

(C) Zero

(D) Positive, zero or negative

135. If correlation coefficient is equal to zero, then variables will be?

(A) Associated

(B) Correlated

(C) Independent

(D) Dependent

OTHER IMPORTANT MCQS

1. Under which one of the following conditions, does product exhaustion theorem hold?

- (a) Increasing return to scale (b) Decreasing return to scale
(c) Constant return to scale (d) Constant return to factors of production

2. Public goods are characterized by:

1. collective consumption. 2. divisibility.
3. non-exclusion. 4. rival-consumption.

Select the correct answer using the code given below

- (a) 1 and 2 (b) 1 and 3
(c) 1 and 4 (d) 2 and 4

3. Capital Deepening refers to which one of the following:

- (a) Going for more fixed capital
(b) Emphasis on social overhead capital
(c) A constant capital-output ratio
(d) An increasing capital-output ratio

4. Disguised underemployment refers to the situation when:

- (a) people seems occupied on a full time basis even though the services they render require less than full time?
(b) workers are underpaid despite doing full time job
(c) there is a co-existence of unemployment and inflation
(d) the economy experiences underemployment equilibrium

5. Which one of the following is explained-by FeiRariis model?

- (a) The inter-relationship between the agricultural and the industrial sectors
(b) Planning methods when labour is in short supply
(c) Growth process of the industrial sector
(d) A neo-classical framework of growth analysis

6. Consider the following statement:

1. The Solow model explains a capita/labour ratio which does not grow under equilibrium condition.
2. Substituting capital for labour is possible in the Solow model.

Which of the statements-given above is/are correct?

- (a) 1 only (b) 2 only
(c) Both 1 and 2 (d) Neither 1 nor 2

7. Consider the following statements:

1. Dualism refers to the existence and persistence of increasing divergences between rich and poor nations and rich and poor people at various Levels.
2. Dualism is the political division of the society into two broad groups of the rightists and the leftists in modern democracy.

Which of the statements given above is correct?

- (a) 1 only (b) 2 only
(c) Both 1 and 2 (d) Neither 1 nor 2

8. Directions: The following item consists of two statements, one labelled as the „Assertion (A) „and the other as“ Reason (R)” — You are to examine these two statements carefully and select the answer using the code given below.

Assertion (A) : The doctrine of unbalanced growth is based on creation of imbalances in the economy in a conscious manner.

Reason (R) : Unequal development of various sectors often generates conditions for rapid development.

Code:

(a) Both A and R are individually true and R is the correct explanation of A

(b) Both A and R are individually true, but R is not correct explanation of A

(c) A is true, but R is false

(d) A is false, but R is true

9. Suppose the market demand function of a perfect competitive industry is given by $Q(d) = 4,750 - 50P$ and market supply function is given by $Q(s) = 1,750 + 50P$.

Price is expressed in rupees. Which one of the following is equal to the market equilibrium price?

(a) Rs. 30.

(b) Rs. 20

(c) Rs. 25

(d) Rs. 26

10. Market failure occurs because of:

1. Externality

2. Asymmetric information

3. Perfect competition

Select the correct answer using the code given below

(a) 1,2 and 3

(b) 1 only

(c) 1 and 2

(d) 2 and 3

11. If personal income is Rs. 57,000 ; personal income tax Rs. 9,000; consumption Rs. 43,000; interest payment Rs 10,000; personal saving Rs. 40,000; then the disposable personal income would be equal to:

(a) Rs. 50,000

(b) Rs. 47,000

(c) Rs. 48,000

(d) Rs. 40,000

12. A discriminating monopolist charges a:

(a) higher price in the, sub-market where price elasticity of demand is high

(b) higher price in the sub-market where price elasticity of demand is low

(c) lower price in the sub-market where price elasticity of demand is low

(d) higher price in the sub-market where demand is low

13. In the long run, the cost and output relationship depends on which one of the following?

(a) Return to scale

(b) Fixed proportion of the variables

(c) Return to the variable factor

(d) Return to the fixed factor

14. Consider the following statements with respect to a duopoly market with firms A and B:

1. If both firms act as followers, then they will have reaction functions

2. If Firm A acts as leader and firm B acts as follower, then firm A will not have any reaction function.

3. If both firms act as leaders, then the outcome is economic warfare.

Which of the statements given above are correct?

(a) 1 and 2

(b) 1, 2 and 3

(c) 1 and 3

(d) 2 and 3

15. Consider the following:

According to Ricardian theory of distribution

1. rent is price determined.
2. land is supposed to have various alternative used.
3. marginal land earns no rent,
4. rent is a surplus in the sense that it is an excess over transfer earnings.

Which of the statements given above are correct?

- (a) 1,2 and 4 (b) 1,3 and 4
(c) 2 and 3 (d) 1 and 4

16 If two commodities perfectly/substitutable (competitive), the direction of change of the cross elasticity of demand between them be?

- (a) zero (b) positive
(c) negative (d) infinity

17. From which of the following axioms does the property that 'indifference curves for a consumer cannot intersect each other' follow?

1. Axiom of non-satiation
2. Axiom of transitivity
3. Axiom of reflexivity
4. Axiom of convexity

select the correct answer using the code given below

- (a) 1 and 3 (b) 1 and 4
(c) 2 and 3 (d) 1 and 2

18. Consider the following statements Under flexible exchange rate system, balance of payments disequilibria are corrected by:

1. changes in the exchange rates.
2. international flow of money and reserves.

Which of the statements given above is/are correct?

- (a) 1 only (b) 2 only
(c) Both 1 and 2 (d) Neither 1 nor 2

19. Which one of the following is implied by interest parity?

- (a) Interest rates are at par in all the countries
(b) Movements in spot rates and forward rates in the foreign exchange market are same.
(c) Potential holders of foreign currency deposits view them as not equally desirable assets
(d) A condition that the expected returns on deposits of any two countries are equal when measured in the same currency.

20. Which one of the following best describes the nineteenth century gold standard system?

- (a) Regulated system with floating exchange rates
(b) Automatic system with fixed exchange rates
(c) Regulated system with fixed exchange rates
(d) Automatic system with floating exchange rates

21 Consider the following statements regarding the features of the World Bank:

1. The Board of Governors is the supreme body.

2. The voting power of the Governor of a member country is related to the financial contribution of the country concerned.
3. It gives short-term loan to its members to correct their temporary balance of payments disequilibrium.

Which of the statements given above is/are correct?

- (a) 1 only (b) 1 and 2
(c) 2 and 3 (d) 1, 2 and 3

22. Which of the following is/are the reasons for the collapse of Bretton-Woods system?

1. The refusal by the U.S. Treasury to convert short-term liability into gold.
2. The U.S. move to make dollar inconvertible.
3. The devaluation of U.S. dollar in 1973.

Select the correct answer using the code given below

- (a) 1 only (b) 1 and 2
(c) 2 and 3 (d) 1, 2 and 3

23. Tariffication refers to:

- (a) replacement of quotas by tariffs only
- (b) replacement of all existing non-tariff restrictions by tariff
- (c) scaling down of tariffs in general
- (d) obtaining sanction to increase tariff rates

24. Which of the following are the components of foreign capital?

1. Grants and loans.
2. External commercial borrowings.
3. Foreign direct investment.
4. Deposits from non-residents.

Select the correct answer using the code given below

- (a) 1, 2, 3 and 4 (b) 1, 2 and 4
(c) 1 and 2 (d) 3 and 4

25. Under loanable funds theory of interest, which of the following are included in the supply of loanable funds?

1. Current savings.
2. Funds released from embodiment in working capital.
3. Bank loans.

Select the correct answer using the code given below

- (a) 1 and 2 (b) 2 and 3
(c) 1 and 3 (d) 1, 2 and 3

26. Which one of the following is represented by the intersection of the IS curve and the LM curve?

- (a) Only a flow equilibrium (b) Only a stock equilibrium
(c) A stock-cum-flow equilibrium (d) Moving away from equilibrium

27. Which one of the following situations occurs during the period when borrowers and lenders expect inflation?

- (a) The nominal rate of interest exceeds real rate of interest
(b) The real rate of interest exceeds the nominal rate of interest
(c) The nominal rate of interest equals the real rate of interest

(d) Nominal and real rates of interest become zero

28. With whom, among the following, is the theory that the rate of interest is also a factor for transaction demand for money, associated?

- (a) Baumol and Tobin (b) Pigou
(c) Keynes (d) Samuelson

29. According to Friedman, on which of the following does the velocity of circulation of money depend?

1. Market interest rate on bonds.
2. Rate of change in general price level.
3. Ratio of physical non-human wealth to human wealth.
4. Ratio of savings to investment.

Select the correct answer using the code given below

- (a) 1 and 3 (b) 1, 2 and 4
(c) 1, 2 and 3 (d) 4 only

30. Consider the following statements:

1. Lower the currency-deposit ratio, higher the money multiplier.
2. Lower the reserve-deposit ratio, higher the money multiplier.
3. Larger the monetary base, higher is the money supply.
4. Larger the monetary base, lower is the money supply.

Which of the statements given above are correct?

- (a) 1 and 3 (b) 1, 2 and 4
(c) 1, 2 and 3 (d) 2 and 4

31. In the standard Keynesian IS-LM model, a decrease in minimum cash reserve ratio will:

- (a) create demand-pull inflation in full-employment
(b) create cost-push inflation in full-employment
(c) create mark up inflation in full-employment
(d) create demand-pull inflation if there is unemployment

32. When one of the following is not correct in the context of IS and LM framework of the theory of interest?

- (a) It integrated money interest and income into a general equilibrium model of product and money market
(b) Investment and interest are the two important variable in the model
(c) The theory is propounded by JR. Hicks
(d) IS represents the money market equilibrium and LM represents the product market equilibrium

33. The accelerator model predicts that the changes in investment is determined by the changes in:

- (a) inventory (b) capital
(c) interest (d) output

34. Given, $MPC = 0.8$ and the threshold consumption = 100, which one of the following is the corresponding saving function?

- (a) $100 + 0.2Y$ (b) $-100 + 0.8Y$

(c) $-100 + 0.2Y$ (d) $400 + 0.2Y$

35. According to the classical theory of employment, deviations from the state of full employment are of:

(a) permanent nature

(b) purely temporary nature

(c) imaginary situations

(d) normal situations

36. Effective demand is that level of demand at which:

(a) aggregate demand is fore than aggregate supply

(b) aggregate demand is less than aggregate supply

(c) aggregate demand is equal to aggregate supply

(d) output is maximum

37. In national income accounting, which one of the following is the difference between gross aggregates and net aggregates?

(a) The value of net indirect taxes

(b) The value of consumption of fixed capital

(c) The value of intermediate consumption

(d) The value of final consumption expenditure

38. Consider the following statements relating to gross investment in the national income accounts:

1. It includes the items relating to residential and nonresidential construction.

2. It takes care of spending on producers durable goods.

3. It includes changes in business inventories.

Which of the statements given above are correct?

(a) 1 and 2

(b) 2 and 3

(c) 1 and 3

(d) 1, 2 and 3

39. Consider the following statements:

1. Pigou held the view that employment depends upon money wages and could be substantially increased by curtailing wages.

2. Keynes held the view that employment depends upon the level of effective demand which can be increased by leaving money intact. - -

Which of the statements given above is correct?

(a) 1 only

(b) 2 only

(c) Both 1 and 2

(d) Neither 1 and 2

40. Which one of the following is related to the theory that supply created its own demand and therefore full employment is a natural situation?

(a) Say's law

(b) Pigou's law of employment

(c) Giffen paradox

(d) Keynesian theory of employment

41. The life cycle hypothesis of consumption implies that consumption is related to:

(a) price expectation over one's life time

(b) permanent income

(c) transitory income

(d) expected life income

42. According to Keynes, which one of the following is meant by liquidity preference?

- (a) Refraining from saving
- (b) Desire to hold cash
- (c) A preference to hold assets like bonds and securities which are liquid
- (d) Increasing savings in terms of precious metals

43. The currency notes in circulation as well as the proportion of total money supply held in the form of currency are influenced by which of the following?

- 1. The physical volume of trade and transactions.
- 2. The level of prices in the economy.
- 3. The development of bank and banking habits of the people.

Select the correct answer using the code given below

- (a) 1 only
- (b) 2 only
- (c) 1,2 and 3
- (d) 1 and 3

44. Imposition of a tariff will change the income distribution of the tariff-imposing country in favour of the scarce factor and against the abundant factor. This is known as:

- (a) Leontief paradox
- (b) Lerner paradox
- (c) Stolper-Samuelson theorem
- (d) Metzler-paradox

45. Directions : The following two (2) items consist of two statements, one labeled as the „Assertion (A)„and the other as „Reason (R)“. You are to examine these two statements carefully and select the answers to these items using the code given below.

Code:

- (a) Both A and R are individually true and R is the correct explanation of A
- (b) Both A and R are individually true, but R is not the correct explanation of A
- (c) A is true, but R is false
- (d) A is false, but R is true

47. Consider the following statements:

- 1. Bond price and interest rate vary indirectly.
- 2. A tax on personal income reduces disposable income.
- 3. According to Say's Law, demand creates its own supply.

Which of the statements given above are correct?

- (a) 1 and 2
- (b) 2 and 3
- (c) 1 and 3
- (d) 1,2 and 3

48. Which of the following are included in broad money (M₃) in India?

- 1. Currency with the public.
- 2. Demand deposits with banks.
- 3. Time deposits with banks.
- 4. „Other“ deposits with RBI.

Select the correct answer using the code given below

- (a) 1,2 and 3
- (b) 1 and 2
- (c) 3 and 4
- (d) 1,2,3 and 4

49. Consider the following statements:

In competitive markets, incidence of tax

- 1. is shared by buyers and sellers.

2. on buyers increases if elasticity of supply increases.
3. is fully borne by buyers if elasticity of demand is zero.
4. is independent of elasticities.

Which of the statements given above are correct?

- (a) 1 and 2 (b) 1,2 and 3
(c) 3 and 4 (d) 2 and 4

50. Which one of the following is not a tax sacrifice principle?

- (a) Equal absolute sacrifice (b) Equal proportional sacrifice
(c) Equal marginal sacrifice (d) Equal average sacrifice

51. Under monopolistic competition the cross elasticity of demand for the product of a firm will be?

- (A) Perfectly elastic (B) Perfectly inelastic
(C) Highly elastic (D) Highly inelastic

52. Which of the following curves is not „U“ shaped?

- (A) Average Cost Curve (B) Average Variable Cost Curve
(C) Average Fixed Cost Curve (D) Marginal Cost Curve

53. Loss of information occurs during?

- (A) Collection of data (B) Presentation of data
(C) Classification of data (D) Interpretation of data

54. Which of the following indices is based on only base year quantities?

- (A) Laspeyre"s index (B) Fisher"s index
(C) Kelley"s index (D) Pasche"s index

55. The first State in India- which published its State Human Development Report, is?

- (A) Kerala (B) Madhya Pradesh
(C) Gujarat (D) Andhra Pradesh

56. The Utility Index Number has been developed by?

- (A) Marshall and Edgeworth (B) Hall and Hitch
(C) Neumann and Morgenstern (D) Hicks and Hanson

57. The following theory is treated as „the third root of the logical theory of demand“?

- (A) Diminishing marginal utility theory
(B) Equi-marginal utility theory
(C) Revealed preference theory
(D) Theory of consumer"s surplus

58. Employment elasticity of growth is measured as?

- (A) Employment growth rate / GDP growth rate
(B) Employment growth rate/Population growth rate
(C) Employment growth rate/Unemployment growth rate
(D) Employment growth rate// Per capita income growth rate

59. The fundamental equation in Harrod's growth model is defined?

- (A) In terms of rate of growth of output
- (B) In terms of rate of growth of technology
- (C) In relation to the path of capital-labour ratio
- (D) In terms of rate of change of capital-output ratio

60. The best average for the construction of index number is?

- (A) Geometric mean
- (B) Arithmetic mean
- (C) Harmonic mean
- (D) Weighted mean

61. The minimum price below which the seller will not sell the goods, is known as?

- (A) Estimated price
- (B) Administered price
- (C) Reserve price
- (D) Shadow price

62. In the equation $C = C_0 + \alpha Y$, the behavioural coefficient is?

- (A) C
- (B) C_0
- (C) α
- (D) Y

63. Automatic stabilizer is a tool of?

- (A) Taxation policy
- (B) Employment policy
- (C) Population policy
- (D) Export policy

64. The price of a commodity will increase if the increase in demand is?

- (A) More than increase in supply
- (B) Less than increase in supply
- (C) Equal to the increase in supply
- (D) Not related to the increase in supply,

65. Which of the following assumptions is not correct for the Lewis model of growth?

- (A) The economy has two sectors
- (B) Capitalists reinvest all their profits
- (C) Rural wage is determined by marginal product of labour
- (D) The supply of rural labour to modern sector is perfectly elastic

66. The Durbin-Watson test is used for?

- (A) Autocorrelation
- (B) Multiple correlation
- (C) Partial correlation
- (D) Simple correlation

67. The following Industrial Policy Resolution is known as the Economic Constitution of India?

- (A) Industrial Policy, 1948
- (B) Industrial Policy, 1956
- (C) Industrial Policy, 1980
- (D) Industrial Policy, 1991

68. If two regression lines are perpendicular to each other, the correlation coefficient will be?

- (A) +1
- (B) -1
- (C) Zero
- (D) Indetermined

69. Under the second degree of price discrimination in discriminating monopoly, the buyers are divided into?

- (A) One single group only of all buyers

- (B) Two groups only of all buyers
 (C) Many groups of buyers according to their demand
 (D) Number of groups which is equal to number of buyers

70. If an economy is purely competitive static economy, then the economic profit will be?
 (A) Minimum (B) Maximum (C) Zero (D) Negative

71. Who is known as the „Architect“ of Indian Planning?
 (A) Dadabhai Naoroji (B) M. Visvesaraia
 (C) P. C. Mahalanobis (D) Ardeshir Dalal

72. The entertainment tax in India was first introduced in the State of?
 (A) Bengal (B) Bihar
 (C) Rajasthan (D) Maharashtra

73. The Laffer curve shows the relationship between?
 (A) Per capita income and environmental pollution
 (B) Rate of unemployment and rate of inflation
 (C) Tax rate and tax revenue
 (D) Economic growth and income inequality

74. The shape of the indifference curve indicates?
 (A) Income of the consume (B) Taste of the consumer
 (C) Prices of the commodities (D) Quality of the commodities

75. Which of the following has highest quantitative value in a positively skewed distribution?
 (A) Mean (B) Median
 (C) Mode (D) First quartile

76. Which of the following is also known as mixed sample?
 (A) Systematic sample (B) Stratified sample
 (C) Random sample (D) Multi-stage sample

77. According to Harvey Leibenstein, two types of incentives work in under-developed countries?
 (A) Positive-sum incentives and Negative-sum incentives
 (B) Zero-sum incentives and negative-sum incentives
 (C) Positive-sum incentives and Multiple-sum incentives
 (D) Zero-sum incentives and Positive-sum incentives

78. During recent past, the highest GDP growth rate has been achieved in the year?
 (A) 2005-06 (B) 2006-07
 (C) 2007-08 (D) 2008-09

79. A factor of production is used by a producer at that stage where the marginal production of the factor is?
 (A) Increasing, but positive (B) Increasing, but negative

(C) Decreasing, but positive

(D) Decreasing, but negative

80. The doctrine of consumer's surplus is based on?

(A) Indifference curve analysis

(B) Revealed preference analysis

(C) Law of substitution

(D) Law of diminishing marginal utility

81. Big-mac index is based on?

(A) Official exchange rate

(B) Real effective exchange rate

(C) Nominal effective exchange rate

(D) Purchasing power parity exchange rate

82. The New Tax Code which is proposed to come into effect from April 1st, 2011 covers?

(A) Direct taxes only

(B) Indirect taxes only

(C) Both direct and indirect taxes

(D) State level taxes only

83. In the Union Budget 2009-10, total amount of interest payments is estimated?

(A) More than Rs. 1.0 lakh crore

(B) More than Rs. 1.5 lakh crore

(C) More than Rs. 2.0 lakh crore

(D) More than Rs. 2.5 lakh crore

84. Which of the following is related with monopoly?

(A) Advertisement cost

(B) Selling cost

(C) Price discrimination

(D) Product differentiation

85. The modern money is not?

(A) Token money

(B) Fiat money

(C) Fiduciary money

(D) Full bodied money

86. The outcome budget is a?

(A) Pre-outlay instrument

(B) Post-outlay instrument

(C) Pre-expenditure instrument

(D) Post-expenditure instrument

87. In the theory of kinked demand curve, the lower segment of the demand curve is?

(A) Perfectly inelastic

(B) Perfectly elastic

(C) Highly elastic

(D) Less elastic

88. The cause of difference between: GDP and NDP is?

(A) Net foreign income

(B) Depreciation

(C) Subsidies

(D) Net indirect tax

89. Arithmetic mean of deviation is always?

(A) A positive value

(B) A negative value

(C) Equal to zero

(D) Equal to one

90. Which one of the following is an item of current account of the balance of payments?

(A) Foreign investment

(B) External commercial borrowings

(C) Foreign grants

(D) Non-resident Indian deposits

91. Charlier's check for accuracy is used for?

(A) Mean

(B) Median

(C) Correlation

(D) Standard deviation

92. The empirical study of economic theories is considered under?

(A) Aggregate economics

(B) Applied economics

(C) Social economics

(D) Welfare economics

93. Elinor Ostrom, the first woman to win the Nobel Prize in economics in 2009, has been awarded for her contribution in the field of?

(A) Resolving business conflicts

(B) Inflationary trends

(C) Management of common property

(D) Capital market analysis

94. The Kuznet's curve shows the relationship between?

(A) Economic growth and income inequality

(B) Unemployment and inflation

(C) Tax rate and tax revenue

(D) Economic growth and inflation

95. Slutsky's substitution effect is based on?

(A) Cost variation

(B) Cost difference

(C) Compensating variation

(D) Compensating difference

96. The correlation coefficient is independent of?

(A) Change of scale only

(B) Change of origin only

(C) Both the changes of scale and origin

(D) Neither the change of origin nor the change of scale

97. The data represented through arithmetic line graph help in understanding?

(A) Trend

(B) Randomness

(C) Cyclicity

(D) Seasonality

98. Select the correct statements regarding the Balanced Growth theory Statements:

1 It is a static concept

2. It is a dynamic concept

3. It recognises the significance of economic independence

4. It recognises the significance of economic interdependence.

Code:

(A) 1 and 4

(B) 2 and 3

(C) 1 and 3

(D) 2 and 4

99. For setting up new industrial parks and in established industrial parks, the Foreign Direct Investment under automatic route has been allowed?

(A) Upto 26 per cent

(B) Upto 49 per cent

(C) Upto 74 per cent

(D) Upto 100 per cent

100. The Euler's theorem is satisfied only with?

- (A) Homogeneous function
(C) Endogeneous function

- (B) Heterogeneous function
(D) Exogeneous function

EXPECTED MCQS OF- BUSINESS ECONOMICS

1. The demand curve for a product will shift outwards to the right when:

- (a) The price of a substitute good rise
(b) Consumer income fall
(c) Consumer expect the price of the good fall in the future.
(d) The price of the product itself fall

Ans : a

2. If the demand for good is relatively price inelastic and its price rises, the revenue will:

- (a) Fall
(c) Rise
responds
(b) Remain constant
(d) Depends on how supply

Ans : c

3. Which of the following option is not an example of 'market failure'?

- (a) Failure to produce merit goods
(c) Failure of a firm to maximize its profits
externalities
(b) Failure to produce public goods
(d) Failure to account

Ans : c

4. Which of the following is an example of a Primary form of Business activity?

- (a) Hair dressing
(c) Banking
(b) Automobile production
(d) Forestry

Ans : d

5. The price of goods will tend to rise if:

- (a) The current price is above the equilibrium
(b) The current price is below the equilibrium
(c) The quantity demanded is less than the quantity supplied
(d) There is a reduction in the cost of a substitute commodity

Ans : b

6. Productivity is measured by:

- (a) The growth on Output of a firm
(c) Total output/Total input
(b) The growth on Profit of a firm
(d) Total amount of investments in capital goods

Ans : c

7. The main objectives of macroeconomic policy is:

- (a) A high and stable level of employment
(c) A stable and satisfactory rate of economic growth
(b) A low and stable rate of inflation
(d) All of the above

Ans : d

8. Who was first argued that the purpose of business was to make profit?

- (a) Milton fried man
(c) Elaine stembnerg
(b) Margarathcher
(d) John Crane

Ans : a

9. What does the PPP or P3 initiative refer to?

- (a) Public policy papers
(c) Private Procurement Production
(b) Public Private Partnership
(d) Personal Production Proposal

Ans : b

10. What does the PFI initiative refer to ?

- (a) Private Finance Initiative (b) Private Fiscal Initiative
(c) Public Financial Initiative (d) Private Foundation Investment.

Ans : a

11. The term 'late industrialization' refers to:

- (a) The need to delay industrialization because of its threats to the environment
(b) The problem faced by many developing countries as they seek to catch up to the Levels of development of richer countries
(c) The belief that it is too late for many countries to industrialize.
(d) That we are now entering a post industrialized world.

Ans : c

12. Which of the following economists is regarded as having developed the theory of comparative Advantage?

- (a) Adam Smith (b) David Rechardo
(c) Joseph stiglits (d) Amartya Sen

Ans : b

13. Under perfect competition in the long run -

- a) All firms earn normal profits, (b) Few firms earn super normal profits,
c) All firms are at break even, (d) None of the above.

Ans : a

14. National income at market prices is equal to -

- a) gross national product a market price, (b) gross domestic product at market prices,
c) net national product at factor cost, (d) none of the above.

Ans : c

15. If there is a single buyer, it is called -

- a) Monopoly, (b) Oligopoly,
c) Monopsony, (d) none of these.

Ans : c

16. A firm is having increasing returns to scale means -

- a) it is having increasing costs, (b) it is having constant costs,
c) it is having decreasing costs, (d) none of the above.

Ans : c

17. Production can be measured in terms of which of the following?

- a) Total productivity, (b) Marginal productivity,
c) Average productivity, (d) all of these.

Ans : d

18. Which is not covered under the scope of Managerial Economics?

- a) Profit Management, (b) Accounting Theory,
c) Pricing Policies, (d) Production Analysis.

Ans : b

19. Demand analysis includes -

- (a) demand forecasting, (b) demand elasticity study,
(c) indifference curve analysis, (d) all of the above.

Ans : d

20. Law of Demand implies -

- a) Qualitative relationship between demand and supply,
b) Qualitative relationship between price and demand,
c) Quantitative relationship between price and demand,
d) Quantitative relationship between demand and supply.

Ans : b

21. Which one of these is an exception to the law of demand?

- a) Demonstration effect goods, (b) Giffen's Goods,
c) Future scarcity of goods, (d) all of the above

Ans : d

22. Elasticity of demand is based on which of the following factors?

- a) Range of substitutes available,
c) Proportion of income spent on the commodity,
the above.
- b) Joint demand,
d) All of

Ans : d

23. Which one of the following is not the function of a managerial economist?

- a) Industrial market research,
market,
c) Capital budgeting,
- b) Determining rate of interest in money
d) Investment analysis.

Ans : b

24. Which one is not a type of demand?

- a) Price demand,
c) Supply demand,
- b) Derived demand,
d) Joint demand.

Ans : c

25. Which is not the type of elasticity of demand?

- a) Price elasticity,
c) Supply elasticity,
- b) Income elasticity,
d) Advertising elasticity.

Ans : c

26. Who introduced the concept of elasticity of demand?

- a) Boulding,
c) Marshall,
- b) Robinson,
d) Joel Dean.

Ans : c

27. Isocost line is also called as:

- a) Profit line,
c) Budget line,
- b) Production line,
d) Return line.

Ans : c

28. In case of Giffen's goods, price effect is -

- a) negative,
b) zero,
c) positive,
d) proportionate.

Ans : a

29. If the demand curve is a rectangular hyperbola, elasticity is -

- a) 1,
b) 0,
c) 2,
d) less than 1.

Ans : a

30. A firm maximizes its profit when -

- a) $MC > MR$,
b) $MC < MR$,
c) $MC = MR$,
d) $MR = AP$.

Ans : c

31. The falling part of a total utility curve shows -

- a) Zero marginal utility,
c) Increasing marginal utility,
- b) Decreasing marginal utility,
d) Negative marginal utility.

Ans : d

32. At the shut-down point -

- a) Total losses of the firm equals TFC,
c) $P = AVC$,
- b) $TR = TVC$,
d) all of the above.

Ans : d

33. Value of a firm can be defined as -

- a) PV of the firm's expected future cash flows,
c) FV of the firm's capital,
- b) PV of its capital,
d) FV of the firm's cash flows.

Ans : a

34. Statement "Price is the amount of money and / or other item with utility needed to acquire a product" is given by -

- a) Stanton,
b) Clark,
c) J. S. Bain,
d) J Robinson.

Ans : a

35. The goods whose demand is not tied with the demand for some other goods are said to have -

- a) Independent demand,
c) Autonomous demand,
- b) Free demand,
d) Individual demand.

Ans : c**36. Movement along a demand curve as a result of change in price is known as -**

- a) change in quantity demanded,
- b) Change in demand,
- c) Increase or decrease in demand,
- d) None of the above.

Ans : a**37. Under perfect competition, the long-run equilibrium of the firm is established at -**

- a) Minimum point of LAC,
- b) Highest point of LAC,
- c) Minimum point of SAC,
- d) Highest point of SAC.

Ans : a**38. Conditions of firm's equilibrium under perfect competition in short run is / are -**

- a) $MC = MR$,
- b) slope of $MC >$ slope of MR ,
- c) $MR = \text{Price}$,
- d) all of the above.

Ans : d**39. Economics of scale means -**

- a) Reductions in unit cost of production,
- b) Reductions in total cost of production,
- c) Reductions in unit cost of distribution,
- d) Addition to the unit cost of production.

Ans : a**40. Marginal product becomes negative -**

- a) When total output declines,
- b) When total output increases rapidly,
- c) When total output stops increasing fastly,
- d) In no circumstances.

Ans : a**41. When price elasticity of demand is unity, the total expenditure -**

- a) increases with rise in price,
- b) decreases with fall in price,
- c) increases with fall in price,
- d) has no affect of price change.

Ans : d**42. Concept of 'Consumer's Surplus' was evolved by -**

- a) Dr. Alfred Marshall,
- b) J M Keynes,
- c) Adam Smith,
- d) E Boulding.

Ans : a**43. A high value of cross-elasticity indicates that the two commodities are -**

- a) Very close substitutes,
- b) Very close complements,
- c) Poor substitutes,
- d) Poor complements.

Ans : a**44. GNP can be calculated as -**

- a) $GDP - \text{Depreciation}$,
- b) $GDP + \text{Net factor income from abroad}$,
- c) $GDP - \text{Depreciation} + \text{Subsidies}$,
- d) $\text{Wages} + \text{Interest} + \text{Rent}$.

Ans : b**45. Income method for measuring GNP considers -**

- a) Wages and salaries,
- b) Interest,
- c) Rents,
- d) all of these.

Ans : d**46. The theory of 'Circular Causation' was developed by -**

- a) J R Hicks,
- b) Robinson,
- c) Ragnar Nurkse,
- d) Taylor.

Ans : c**47. The law of demand is a -**

- a) Indicative statement,
- b) Qualitative statement,
- c) Illustrative statement,
- d) Selective statement.

Ans : b**48. Professor J Robinson measured monopoly power in terms of -**

- a) Elasticity,
- b) Marginal revenue and price,
- c) Marginal cost and price,
- d) Price and average cost

Ans : a**49. In which market structure, a firm has no control over price of its product?**

- a) Monopoly,
- b) Perfect competition,
- c) Oligopoly,
- d) Monopolistic competition.

Ans : b

50. LAC curve is –

- a) U shaped and less pronounced, b) U shaped and more pronounced,
c) U shaped only, d) Intersecting SAC curve.

Ans : a**51. Which one is not the stage of product life cycle?**

- a) introduction, b) Increase, c) Decline, d) Saturation.

Ans : b**52. Price discrimination will not be a good approach for –**

- a) Railway company, b) Electric supply company,
c) FMCG company, d) Mobile company.

Ans : c**53. All money costs can be regarded as –**

- a) Social costs, b) Implicit costs, c) Explicit costs, d) Real costs.

Ans : c**54. The demand function is a statement of the relationship between –**

- a) Quantity of factors of production,
b) Quantity of product demanded and all the factors that affect this quantity,
c) Quantity demanded and profit,
d) Product demand and cost of output.

Ans:**55. Which of the following is one of the basis for the indifference curve analysis?**

- a) Independent utility, b) Ordinal utility,
c) Cardinal utility, d) Diminishing utility.

Ans : b**56. Economists who developed the Indifference Curve Analysis are –**

- a) Hicks and Allen, b) Hicks and Marshall,
c) Samuelson and Robinson, d) Hicks and Robinson.

Ans : a**57. Revealed preference theory was introduced by –**

- a) Marshall, b) Samuelson, c) Robinson, d) Taylor.

Ans : b**58. Cartel system –**

- a) Leads to a monopoly situation, b) is a kind of pure oligopoly,
c) It is banned in the US, d) all of the above.

Ans : d**59. Marginal utility approach was finalized by –**

- a) AC Pigou, b) Alfred Marshall, c) J R Hicks, d) J S Mill.

Ans : b**60. Equilibrium of monopolist will never lie below the middle point of the average revenue curve because below the middle point –**

- a) Elasticity of demand is less than one, b) Marginal revenue is negative,
c) Both 'a' and 'b', d) Market laws cease to operate.

Ans : c**PREVIOUS YEAR QUESTIONS :**

1. Liquidity preference is a theory of

- (A) Supply of money (B) Saving (C) Investment (D) Demand for money

2. What is one result of an increase in the money supply?

- (A) Short-run increase in demand (B) Short-run increase in the level of output
(C) Long-run increase in demand (D) Long-run increase in the level of output

3. As interest rate increases, money supply tends to

(A) Increase	(B) Decrease
(C) Remain constant	(D) Not related to interest rate
4. Keynes regards employment as a function of

(A) Supply	(B) Price
(C) Income	(D) Demand
5. According to Keynes consumption is a function of

(A) Investment	(B) Capital
(C) Saving	(D) Income
6. The problem why rational people are unwilling to participate in a fair game, refers to

(A) Leontiff paradox	(B) St. Petersburg Paradox
(C) Bernoulli's Paradox	(D) Neumann's Paradox
7. A person who refuses a fair gamble is said to be

(A) Risk bearer	(B) Risk lover
(C) Risk averse	(D) Both (B) and (C)
8. The economist who popularized indifference curve approach is

(A) Simon Kuznets	(B) Paul Samuelson
(C) J.R. Hicks	(D) Sweezy
9. Public debt implies loans raised by government

(A) Within the country	(B) Outside the country
(C) Within and outside the country	(D) Not applicable
10. Which one of the following is not the type of internal public debt of the government of India

(A) Permanent debt	(B) Floating debt
(C) Foreign financial institutions	(D) Outstanding liabilities
11. At present, the RBI is issuing notes of the denominations of

(A) Rs. 1, 5, 2	(B) Rs. 10, 20, 50, 100
(C) One rupee coins, and small coins	(D) Loins of rs. 1, 2, 5 and 10
12. Which is the dominant objective of monetary policy which the RBI has been trying to achieve?

(A) Price Stability	(B) Reduce Deficit
(C) Encourage exports	(D) Growth
13. The term sustainable development was first used by

(A) World conservation strategy	(B) The world development Report 1999
(C) The world development Report 2000	(D) None of these
14. The effect of population growth on per capita income is

(A) Favourable	(B) Unfavourable
(C) No effect	(D) Very low
15. The age pyramid is also known as

(A) Demography pyramid	(B) Gender pyramid
(C) Population density pyramid	(D) Population pyramid
16. A normal good can be defined as one which consumers purchase more of as:

- (A) Prices (B) Income fall
(C) Prices rise (D) Income increase
17. Selling a product in a foreign market at a lower price than in home market is called
(A) Cartel (B) Dumping
(C) Subsidy (D) Import Quota
18. Which protective device aims at restricting and regulating imports?
(A) Dumping (B) Subsidy
(C) Import Quota (D) Tariff quota
19. The definition of small scale industry in India is based on
(A) Investment in Machines and equipment (B) Sale of the unit
(C) Market coverage (D) Export capacity
20. Industrial policy resolution of 1948 divided industries into
(A) 3 categories (B) 4 categories
(C) 5 categories (D) 6 categories
21. How many mills are there in our country?
(A) 870 mills (B) 1250 mills
(C) 1100 mills (D) 900 mills
22. Absenteeism refers to
(A) The absence of employer from work
(B) The absence of employee from work that is authorized, explained and unavoidable
(C) The absence of employee from work that is unauthorized, unexplained, avoidable and willful
(D) None of these
23. The function that shows the functional relationship between utility and quantity of goods is known as
(A) General utility function (B) Specific utility function
(C) Total utility function (D) Marginal utility function
25. Price elasticity at a given price is not affected by
(A) The price of substitutes (B) The price of complements
(C) A change in supply (D) The price of substitutes
26. The coefficient of correlation according to Karl Pearson is always:
(A) ± 1 (B) -1 (C) $+1$ (D) 0
27. Who is the exponent of the principle of correlation?
(A) Bowleg (B) Spearman
(C) Connor (D) Karl Pearson
28. rxy refers to N x y
(A) Price index (B) Karl Pearson's coefficient of correlation
(C) Spearman's rank Differences methods (D) Mean Deviation
29. Agricultural Development banks are sponsored by
(A) RBI (B) Nationalized Banks
(C) SBI (D) Cooperative Banks
30. Most of the disguised unemployed persons in India are found in

- (A) Transport (B) Industry
(C) Agriculture (D) Trade
31. In India, who is the originator of green revolution?
(A) M.S. Swaminathan (B) Garry Becker
(C) Norman E. Borlugh (D) Hanumante Rao
32. The co-operative credit institutions are classified into two categories, these are:
(A) Agricultural and non – agricultural (B) Industrial and non – industrial
(C) Internal and external (D) State and national
33. Central cooperative banks are
(A) Permitted to borrow or lend among themselves
(B) Not permitted to borrow or lend among them
(C) Permitted to borrow from people
(D) None of the above
34. The PACs has advanced loans worth Rs. 23 crores in 1950 – 51 and this rose to in 2000 – 01.
(A) Rs 200 crores (B) 25, 250 crores (C) 36, 540 crores (D) 34, 520 crores
35. Keynes defined Money demand as
(A) Cash + Time deposit (B) Cash + Demand deposit
(C) Cash + High powered money (D) Cash + Saving with post office
36. Keynes only considered
(A) Induced investment (B) Autonomous investment
(C) Both (A) and (B) (D) None of the above
37. Cross elasticity of demand between tea and sugar is
(A) Positive (B) Negative
(C) Zero (D) Infinity
38. Horizontal equity refers to
(A) Equal treatment of equals (B) Unequal treatment of unequals
(C) Equal treatment of unequals (D) Unequal treatment of equals
39. How many members/ persons are needed to form a PACS (Primary agricultural credit societies).
(A) 30 or more (B) 20 or more
(C) 10 or more (D) more than 50
40. Age is given on the vertical axis so that the youngest age group isand the oldest age group is
(A) At the bottom; at the top (B) At the top; at the bottom
(C) On the left side; on the right side (D) On the right side; on the left side
41. Which kind of barriers are hidden
(A) Non – tariff barriers (B) Tariff
(C) Both (A) and (B) (D) Not fixed
42. SAIL is
(A) Small – scale industry (B) Large – scale industry
(C) Cottage industry (D) Tiny industry
43. Who is known as the father of input output analysis?

- (A) W.W Leontiff
(C) Samuelson
- (B) Hicks
(D) Trance is Quesnay
44. Between income and consumption there is generally
(A) No correlation
(C) Negative correlation
- (B) Positive correlation
(D) Partial correlation
45. In regression of y on x, x is
(A) A dependent variable
(C) An independent variable
- (B) A constant variable
(D) None of these
46. Blue revolution is related to
(A) Poultry
(B) Fisheries
- (C) Drinking water
(D) Space research
47. The share of agriculture in GDP was around 55% in 1950 – 51 and it declined to in 2007 – 08
(A) 42%
(B) 17.8%
- (C) 23.7%
(D) 12.5%
48. How many state co-operative banks are there in state at present?
(A) 25
(B) 31
- (C) 42
(D) 16
49. Land development banks were initially known by the name of
(A) Land mortgage banks
(C) Land credit societies
- (B) Co-operative banks
(D) Agricultural co – operative banks
50. Narrow definition of money is
(A) M4
(B) M3
- (C) M2
(D) M1
51. Change in capital stock is called
(A) Production
(C) Investment
- (B) Income
(D) Lost
52. In case of inferior goods, the income effect is
(A) Positive
(C) Zero
- (B) Negative
(D) Infinite
53. Vertical equity refers to
(A) Equal treatment of equals
(C) Equal treatment of unequals
- (B) Unequal treatment of unequals
(D) Unequal treatment of equals
54. Which bank meets the long-term credit needs of agriculturists?
(A) Primary agricultural credit societies
(C) Land Development bank
- (B) Central cooperative bank
(D) State cooperative banks
55. A normal good can be defined as one which consumers purchase more of as
(A) Prices fall
(C) Prices rise
- (B) Income fall
(D) Income increase
56. Price elasticity at a given price is not affected by
(A) The price of substitutes
(C) A change in supply
- (B) The price of complements
(D) The price of substitutes
57. Globalization signifies a process of
(A) Internationalization
(C) Internationalization and liberalization
- (B) Liberalisation
(D) Privatization

58. Input output analysis was developed by
(A) Walras (B) Samuelson
(C) Heckscher – ohlin (D) W.W heontiff
59. According to Harrod-Domar Growth Model, Growth is directly related to
(A) k/o ratio and inversely related to savings (B) Savings and inversely related to k/o ratio
(C) Savings and k/o ratio (D) Savings and k/o ratio directly
60. In 1971 collapse of Brettonwood system was largely due to
(A) Fall of gold standard (B) Rise in the value of paper currency
(C) Rise in the value of gold (D) Failure to manage international liquidity
61. Euro-currency market is a means of transferring
(A) Long term and medium term funds with in the country
(B) Short – term and medium term funds with in the country
(C) Short – term and medium term funds from one country to another country.
(D) Long term funds from one country to another
62. According to the minimum wage Act, 1948
(A) Wages for agricultural labourers are to be fixed by the state governments
(B) Wages for agricultural labourers are to be fixed by the central governments
(C) Wages for industrial labours are to be fixed by the entrepreneurs
(D) Wages for industrial labours are to be fixed by the central governments
63. An act of simultaneously buying a currency in one market and selling it in another to earn profits from the difference between the exchange rates in the two markets, is termed as
(A) Dumping (B) Market Hedging
(C) Arbitrage (D) Devaluation
64. Bretton woods led to formation of
(A) GATT (B) IBRO
(C) INF (D) All of the above
65. Agricultural Refinance and Development corporation was set up in
(A) 1952 (B) 1963
(C) 1975 (D) 1960
66. Total wheat production of India in 1998 – 99 was
(A) 50 million tones (m.t) (B) 60 m.t.
(C) 70 m.t. (D) 80 m.t.
67. Who is the chairman of economic Advisory council of the Prime minister in India?
(A) Jagdish Bhagwati (B) C.Rangrajan
(C) Vijay kelkar (D) Suresh Tendulkar
68. Which country rank first in the world production of sugar and sugarcane.
(A) China (B) USA
(C) India (D) Brazil
69. MTFRP stands for
(A) Medium – term financial reforms programme
(B) Mid – term for reforms programme
(C) Major tax for rural programme

(D) Medium – term fiscal reforms programme

70. Who was the first general Director of WTO?

- (A) Lamy Paseal (B) Peter Sutherland
(C) William Diamond (D) Alan Greenspan

71. The LPG model of development was introduced by

- (A) Vijay kelkar (B) V. K. R. V Rao
(C) Jagdish Bhagwati (D) Dr. Manmohan singh

72. Which one of the following is not can indicator of globalization?

- (A) Opening of the economy for unrestricted imports and exports
(B) Allowing free capital movement among nations
(C) Free movement of technology among nations
(D) Achieving exchange rate stability

73. In new economic policy of 1991

- (A) Government has restricted foreign investment policy
(B) Government has liberalized foreign
(C) Several concessions and facilities have been given on foreign direct investment
(D) Both (B) and (C)

74. The new endogeneous growth theory was developed as a reaction to missions and deficiencies in:

- (A) Hicks – Samuelson model
(B) Jargenson's neo – classical model
(C) Solow – swan neo – classical growth model
(D) Meade's Neo – classical Model of economic growth

75. How much is the population density in china?

- (A) 300 person per km² (B) 95 person per km²
(C) 250 person per km² (D) 132 person per km²

UNIT-3

BUSINESS ETHICS

1. Business ethics deals primarily with

- a. social responsibility.
- b. the pricing of products and services.
- c. moral obligation.
- d. being unfair to the competition.

ANS: C

2. Ethics are important because

- a. suppliers prefer to deal with ethical companies.
- b. customers prefer to deal with ethical companies.
- c. employees prefer to deal with ethical companies.
- d. all of the choices.

ANS: D

3. According to the concept of moral intensity, a worker is most likely to behave ethically and legally when

- a. a manager observes his or her behavior closely.
- b. the worker has intense morals.
- c. the consequences of the act are minor.
- d. the consequences of the act are substantial.

ANS: D

3. What is meant by the phrase teleological ethics?

- a) Is used to judge if an action is right, fair and honest.
- b) An action can only be judged by its consequences.
- c) Developing the individual personal characteristics.
- d) the key purpose of ethics is to increase freedom.

Ans: b

4. According to the concept of moral intensity, a worker is most likely to behave ethically and legally when

- a. a manager observes his or her behavior closely.
- b. the worker has intense morals.
- c. the consequences of the act are minor.
- d. the consequences of the act are substantial.

ANS: D

6. Benefits derived from social responsibility include;

- a. enhanced organizational efficiency
- b. producing better products
- c. attracting people who want to work for the firm
- d. both a & c

ANS: D

7. Building a sustainable environment includes

- a. developing a green supply chain
- b. omitting hazardous emissions
- c. both a & b
- d. writing a code of ethics

ANS: C

8. Which of these is a purpose of shared organizational values?

- a. Build Team Support
- b. Influence marketing efforts
- c. Guide managers' decisions and actions
- d. All of the above

ANSWER: d. All of the above

9. Which of these is a factor that affects ethical and unethical behaviour?

- a. Ethical dilemma
- b. Diversity
- c. Teamwork
- d. Open communication

ANSWER: a. Ethical dilemma

11. The term _____ refers to principles, values and beliefs that define right and wrong behaviour.

- a. Customer satisfaction
- b. Empowerment
- c. Innovation
- d. Ethics

ANSWER: d. Ethics

12. Which of this is a second stage of moral development?

- a. Principled
- b. Conventional
- c. Pre conventional
- d. None of the above

ANSWER: b. Conventional

13. A personality measure of the strength of a person's convictions is called _____.

- a. Locus of control
- b. Ego
- c. Ego Strength
- d. None of the above

ANSWER: c. Ego Strength

14. _____ is a personality attribute that measures the degree to which people believe they control their own fate.

- a. Locus of control
- b. Culture
- c. Values
- d. None of the above

ANSWER: a. Locus of control

15. Which of these is one of the six characters that determine issue intensity?

- a. Probability of harm
- b. Immediacy of consequences
- c. Proximity to victims
- d. All of the above

ANSWER: d. All of the above

16. _____ are those individuals who raise ethical concerns or issues to others inside or outside the organization

- a. Entrepreneur
- b. Whistle blowers
- c. Social entrepreneur
- d. Social impact management

ANSWER: b. Whistle blowers

17. According to Kant's approach to moral philosophy, ethics is based on:

- a. the consequences of one's action.
- b. sympathy.
- c. a social contract.
- d. practical reason.

18. Korsgaard argues that:

- a. motivational skepticism is always based on content skepticism.
- b. content skepticism is always based on motivational skepticism.
- c. motivational skepticism and content skepticism are inconsistent with one another.

d. motivational skepticism and content skepticism are in fact identical positions.

19. According to externalist theories of ethics:

a. moral judgment implies the existence of a motive.

b. it is possible to have a moral judgment without being motivated to act on it.

c. moral authority derives from rules imposed by others, rather than from one's own feelings.

d. our primary moral obligation is to improve the lives of others.

20. Korsgaard's "internalist requirement" states that:

a. practical reasons necessarily motivate anyone who accepts them.

b. practical reasons must be capable of motivating rational persons.

c. our motivations always supply us with practical reasons for action.

d. practical reasons bear no necessary relation to motivation.

21. According to Korsgaard, being practically rational requires the ability to:

a. perform rational mental operations about the means to your ends.

b. transmit motivations via reasoning.

c. both a and b.

d. neither a nor b.

22. Williams defines internal reasons as:

a. reasons that are grounded in one's subjective motivational set.

b. reasons that are grounded in self-interest.

c. reasons that are grounded in objective moral requirements.

d. reasons that are grounded in the norms of institutions.

23. Korsgaard claims that the internalism requirement:

a. refutes some ethical theories.

b. refutes content skepticism.

c. makes a psychological demand on ethical theories.

d. all of the above.

24. Korsgaard's approach to practical reason is most similar to that of:

a. John Stuart Mill.

b. David Hume.

c. Bernard Williams.

d. Immanuel Kant.

25. What is meant by the phrase CSR?

a) Corporate Social Responsibility

b) Company Social Responsibility

c) Corporate Society Responsibility

d) Company Society Responsibility

Ans: a

26. What is meant by the phrase 'teleological ethics'?

a) Is used to judge if an action is right, fair and honest.

b) An action can only be judged by its consequences.

c) Developing the individual personal characteristics.

d) The key purpose of ethics is to increase freedom.

Ans: b

27. For Karl Marx, where do our values come from?

- a) They are a product of our upbringing and our parents.
- b) They are a product of the economic system within which we live.
- c) They are a product of social inequality.
- d) They are a product of what we are taught at school.

Ans: b

28. What does Milton Friedman believe to be the sole responsibility of business?

- a) The only social responsibility of business is to its shareholders.
- b) Managers should act in ways that balance the interest of society and shareholders.
- c) The primary responsibility organizations have is to its employees.
- d) The primary responsibility organizations have is to its stakeholders.

Ans: a

29. What, according to Adam Smith, is the best way to promote collective interest?

- a) Through government making decisions about what is in the public interest.
- b) Through everyone working together to support each other.
- c) Through everyone working on their own self-interest
- d) Through individuals forgoing their personal interest for the good of the collective.

Ans: c

30. Why, according to stakeholder theory, is it in companies' best interests to pay attention to their stakeholders?

- a) If firms only act in their own self-interest employees may feel exploited.
- b) If firms only act in their own self-interest government might put more regulation on them.
- c) If firms only act in their own self-interest customers might not like the image that the company portray.
- d) If firms only act in their own self-interest and inflict harm on stakeholders then society might withdraw its support.

Ans: d

31. What is the enlightened self-interest model of CSR?

- a) That it is in an organization's own best interest to put itself first rather than its ethics.
- b) That it is in an organization's best interest to consider what a shareholder would want.
- c) That it is in an organization's own best interest to act in an ethical way.
- d) That it is in an organization's own best interest to follow the legislation and abide by the law.

Ans: c

32. What is green washing?

- a) Transforming products to be more ethical.
- b) Making a product appear more ethical that it really is.
- c) Converting the company to green production methods.
- d) Convincing customers to buy ethically.

Ans: b

33. What is triple bottom line?

- a) An accounting tool that looks at the impact on people, planet and profits.
- b) A management strategy which states all the attention should be on profits.
- c) An accounting tool that looks at cost, profit and loss.

- d) A management strategy which focuses on corporate social responsibility.

Ans: a

34. Why do alternative organizations run differently from conventional shareholder led approach?

- a) They do not have shareholders.
- b) They are run in non-hierarchical ways which aim to provide a positive impact on society rather than to make profit.
- c) They priorities corporate social responsibility.
- d) They aim to give money to charities and good causes.

Ans: b

35. What does and Ethical Foundation for an organisation embody?

- a) The structure, operational and conduct of the activities of the organization
- b) The basic principles which govern the external and internal relations of the organization
- c) Neither of the above
- d) All of these

Ans: b

36. What does the importance of ethical behaviour, integrity and trust call into question?

- a) The extent to which managers should attempt to change the underlying beliefs and values of individual followers
- b) Who does what
- c) What we do next
- d) None of the above

Ans: a

37. A _____ sets out the purpose and general direction for the organisation?

- a) Mission statement
- b) Purpose statement
- c) Vision
- d) Profit statement

Ans: a

38. Which of the following would most effectively act as the primary objective of a business organisation?

- a) To make a profit
- b) To procure resources
- c) To communicate with shareholders
- d) To mediate between the organisation and the environment

Ans: a

39. What is the purpose of a balanced scorecard?

- a) To measure contribution of people to business growth
- b) To combine a range of qualitative and quantitative indicators of performance
- c) To relate business performance to customer satisfaction
- d) To relate business performance to financial measures
- e) All of the above

Ans: b

40. Which of the following does the term Corporate Social Responsibility relate to?

- | | | | |
|----|----------------------|----|------------------------|
| a) | Ethical conduct | b) | Environmental practice |
| c) | Community investment | d) | All of the above |

Ans: d

41. Who are organisational stakeholders?

- | | | | |
|----|------------|----|------------------|
| a) | Government | b) | Employees |
| c) | Customers | d) | All of the above |

Ans: d

42. What is Ethics to do with?

- | | | | |
|----|---------------------|----|----------|
| a) | The wider community | b) | Business |
| c) | Right and wrong | d) | Nothing |

Ans: c

43. Which of the following is an example of an area where business ethics apply?

- a) Conduct of international operations
- b) Nowhere
- c) In the personal life of staff
- d) None of the above

Ans: a

44. Which legislation relates to the concept of business ethics?

- | | | | |
|----|----------------------------|----|--------------|
| a) | Freedom of Information Act | b) | Food Act |
| c) | Building regulations | d) | All of these |

Ans: a

45. The four types of social responsibility include:

- a) legal, philanthropic, economic, and ethical
- b) ethical, moral, social, and economic
- c) philanthropic, justice, economic, and ethical
- d) legal, moral, ethical, and economic

Ans: a

46. The _____ dimension of social responsibility refers to a business's societal contribution of time, money, and other resources.

- | | | | |
|----|--------------|----|---------------|
| a) | Ethical | b) | Philanthropic |
| c) | Volunteerism | d) | Strategic |

Ans: b

47. A stakeholder orientation includes all of the following activities except:

- a) generating data about stakeholder groups
- b) assessing the firm's effects on stakeholder groups
- c) distributing stakeholder information throughout the firm
- d) minimizing the influence of stakeholder information on the firm

Ans: d

48. Stakeholders are considered more important to an organization when:

- a) they can make use of their power on the organization
- b) they do not emphasize the urgency of their issues
- c) their issues are not legitimate

d) they can express themselves articulately

Ans: a

49. A (n) _____ is a problem, situation, or opportunity requiring an individual, group, or organization to choose among several actions that must be evaluated as right or wrong.

- | | |
|---------------|------------------|
| a) Crisis | b) ethical issue |
| c) indictment | d) fraud |

Ans: b

50. Which moral philosophy seeks the greatest good for the greatest number of people?

- | | |
|---------------------|----------------------|
| a) Consequentialism | b) Utilitarianism |
| c) Egoism | d) Ethical formalism |

Ans: b

51. What type of justice exists if employees are being open, honest, and truthful in their communications at work?

- | | |
|---------------|------------------|
| a) Procedural | b) Distributive |
| c) Ethical | d) Interactional |

Ans: d

52. A high-commitment approach to environmental issues may include all of the following except:

- a) risk analysis
- b) stakeholder analysis
- c) green-washing
- d) strategic sustainability auditing

Ans: c

53. Better access to certain markets, differentiation of products, and the sale of pollution-control technology are ways in which better environmental performance can:

- | | |
|---------------------|-------------------|
| a) increase revenue | b) increase costs |
| c) decrease revenue | d) decrease costs |

Ans: a

54. Atmospheric issues include all of the following except:

- | | |
|------------------|-------------------|
| a) acid rain | b) global warming |
| c) air pollution | d) water quantity |

Ans: d

55. To be successful, business ethics training programs need to:

- a) focus on personal opinions of employees.
- b) be limited to upper executives.
- c) educate employees on formal ethical frameworks and models of ethical decision making.
- d) promote the use of emotions in making tough ethical decisions.

Ans: c

56. Most companies begin the process of establishing organizational ethics programs by developing:

- a) ethics training programs.
- b) codes of conduct.

- c) ethics enforcement mechanisms.
- d) hidden agendas.

Ans: b

57. For referent power to be effective, what must exist between individuals in the relationship?

- a) Antipathy
- b) Rivalry
- c) History
- d) Empathy

Ans: d

58. When a firm charges different prices to different groups of customers, it may be accused of:

- a) cultural relativism
- b) money laundering
- c) facilitating payments
- d) price discrimination

Ans: a

59. The ability to interpret and adapt successfully to different national, organizational, and professional cultures is called:

- a) national competitiveness.
- b) global development.
- c) cultural intelligence.
- d) stakeholder sensitivity.

Ans: c

60. Successful global initiatives addressing standards for business must begin and end with:

- a) the role of corporate governance and shareholder power in corporate decision making.
- b) social activism
- c) the implementation of standardized ethics programs.
- d) the consolidation of economic and environmental efforts.

Ans: a

61. The social economy partnership philosophy emphasizes:

- a) cooperation and assistance.
- b) profit maximization.
- c) competition.
- d) restricting resources and support.

Ans: a

62. Which of the following is not a driver of responsible competitiveness?

- a) Policy drivers
- b) Development drivers
- c) Business action
- d) Social enablers

Ans: b

63. Which of the following is a problem presented by ethics audits?

- a) They may be used to reallocate resources.
- b) They identify practices that need improvement.
- c) Selecting auditors may be difficult.
- d) They may pinpoint problems with stakeholder relationships.

Ans: c

64. The first step in the auditing process should be to secure the commitment of:

- a) employees.
- b) top executives and directors.

c) stockholders.

d) customers.

Ans: b**65. Codes of conduct and codes of ethics**

- a) are formal statements that describe what an organization expects of its employees.
- b) become necessary only after a company has been in legal trouble.
- c) are designed for top executives and managers, not regular employees.
- d) rarely become an effective component of the ethics and compliance program.

Ans: a**66. Which of the following is NOT one of the primary elements of a strong organizational compliance program?**

- a) A written code of conduct
- b) An ethics officer
- c) Significant financial expenditures
- d) A formal ethics training program

Ans: c**67. _____ are standards of behaviour that groups expect of their members.**

- | | |
|----------------------|--------------------------|
| a) Codes of conduct. | b) Group values. |
| c) Group norms. | d) Organizational norms. |

Ans: c**68. In a _____ organization, decision making is delegated as far down the chain of command as possible.**

- | | |
|------------------|----------------|
| a) Decentralized | b) Creative |
| c) Flexible | d) Centralized |

Ans: d**69. _____ refers to a strategic process involving stakeholder assessment to create long-term relationships with customers, while maintaining, supporting, and enhancing the natural environment.**

- a) Eco-strategy
- b) Green marketing
- c) Superfund reauthorization
- d) Recycle and reprocess management

Ans: b**70. The hand-of-government refers to the**

- a) ability of the government to interfere in business negotiations
- b) role of corporations to be profitable within the law
- c) effect of national politics on business decisions
- d) impact of changing government regulations

Ans: b**71. An organisation's obligation to act to protect and improve society's welfare as well as its own interests is referred to as**

- a) organisational social responsibility
- b) organisational social responsiveness
- c) corporate obligation

d) business ethics

Ans: a

71. The view that business exists at society's pleasure and businesses should meet public expectations of social responsibility is the

- a) iron law of responsibility argument
- b) enlightened self-interest argument
- c) capacity argument
- d) anti-free-loader argument

Ans: b

72. Managerial ethics can be characterised by all of the following levels except

- | | |
|-----------------------|----------------------|
| a) immoral management | b) amoral management |
| c) demoral management | d) moral management |

Ans: c

73. Which of the following is not one of the underlying principles of the corporate governance Combined Code of Practice?

- | | |
|-------------------|------------------|
| a) Openness | b) Integrity |
| c) Accountability | d) acceptability |

Ans: d

74. External audit of the accounts of a limited company is required

- a) because it is demanded by the company's bankers
- b) by the Companies Act 2006
- c) at the discretion of the shareholders
- d) to detect fraud

Ans: b

75. Directors' responsibilities are unlikely to include.

- a) a fiduciary duty
- b) a duty to keep proper accounting records
- c) a duty to propose high dividends for shareholders
- d) a duty of care

Ans: c

76. A company may become insolvent if it

- a) has negative working capital
- b) cannot meet its budgeted level of profit
- c) makes a loss
- d) cannot pay creditors in full after realisation of its assets

Ans: d

77. A director of a limited company may not be liable for wrongful trading if he or she

- a) took every step to minimise the potential loss to creditors
- b) increased the valuation of its inventories to cover any potential shortfall
- c) introduced into the balance sheet an asset based on a valuation of its brands sufficient to meet any shortfall
- d) brought in some expected sales from next year into the current year

Ans: a

78. Fraudulent trading may be

- a) a civil offence committed by any employee
- b) a criminal offence committed only by directors of a limited company
- c) a civil and a criminal offence committed only by directors of a limited company
- d) a civil and a criminal offence committed by any employee

Ans: d

79. Disqualification of directors may result from breaches under the

- a) Sale of Goods Act 1979
- b) Financial Services Act 1986
- c) Companies Act 2006 and Insolvency Act 1986
- d) Health and Safety at Work Act 1974

Ans: c

80. Directors may not be disqualified for

- a) continuing to trade when the company is insolvent
- b) persistent breaches of company legislation
- c) paying inadequate attention to the company finances
- d) being convicted of drunken driving

Ans: d

81. Which of the following actions will not help directors to protect themselves from non-compliance with their obligations and responsibilities?

- a) keeping themselves fully informed about company affairs
- b) ensuring that regular management accounts are prepared by the company
- c) seeking professional help
- d) including a disclaimer clause in their service contracts

Ans: d

82. Co-ording to Cadbury (2002), corporate governance is an issue of power and:

- | | |
|-----------|--------------------|
| a) Rights | b) Accountability |
| c) Profit | d) Appropriability |

Ans: b

83. The OECD argues that corporate governance problems arise because:

- a) Ownership and control is separated
- b) Managers always act in their own self interest
- c) Profit maximization is the main objective of organizations
- d) Stakeholders have differing levels of power

Ans: a

84. The Institute of Chartered Accountants in England and Wales considers argue that one particular stakeholder group should have primacy over all other groups. Which stakeholder group are they referring to?

- | | |
|-----------------|-------------|
| a) Customers | b) Managers |
| c) Shareholders | d) Society |

Ans: c

85. An organization that is owned by shareholders but managed by agents on their behalf is conventionally known as the modern:

- | | | | |
|----|--------------|----|-------------|
| a) | Conglomerate | b) | Corporation |
| c) | Company | d) | Firm |

Ans: b

86. The modern corporation has four characteristics. These are limited liability, legal personality, centralized management and:

- | | | | |
|----|----------------|----|-----------------|
| a) | Fiduciary duty | b) | Stakeholders |
| c) | Shareholders | d) | Transferability |

Ans: d

87. What makes a corporation distinct from a partnership?

- a) If the members of a corporation die, the corporation remains in existence providing it has capital
- b) If the members of a corporation die, the corporation ceases to exist
- c) A corporation cannot own property
- d) A corporation cannot be held responsible for the illegal acts of its employees

Ans: a

88. The term 'asymmetry of information' means information in a corporation is:

- a) Transferable to all stakeholders
- b) Not transferable to all stakeholders
- c) Not equally transparent to all stakeholders
- d) Equally transparent to all stakeholders

Ans: c

89. The view that sees profit maximization as the main objective is known as:

- | | | | |
|----|--------------------|----|-------------------------|
| a) | Shareholder theory | b) | Principal-agent problem |
| c) | Stakeholder theory | d) | Corporation theory |

Ans: c

90. Where an organization takes into account the effect its strategic decisions have on society, this is known as:

- a) Corporate governance
- b) Business policy
- c) Business ethics
- d) Corporate social responsibility

Ans: d

91. Which intervention resulted from the Enron scandal?

- a) The Hampel Committee
- b) The Sarbannes-Oxley Act
- c) The Greenbury Committee
- d) The Cadbury Committee

Ans: b

92. Executive pay in the UK was reviewed by:

- a) The Greenbury Committee
- b) The Hampel Committee

- c) The Cadbury Committee
- d) The Higgs Committee

Ans: a

93. In Japan, some corporations operate within the philosophy of 'kyosei'. The term 'kyosei' means:

- a) No man shall be richer than another man
- b) All stakeholders are equal
- c) Living and working for the common good
- d) If the corporation is bad, society is bad

Ans: c

94. When managerial self-dealings are excessive and left unchecked,

- a) they can have serious negative effects on share values
- b) they can impede the proper functions of capital markets.
- c) they can impede such measures as GDP growth.
- d) all of the above

Ans: d

95. Corporate governance structure

- a) varies a great deal across countries.
- b) has become homogenized following the integration of capital markets.
- c) has become homogenized due to cross-listing of shares of many public corporations.
- d) none of the above

Ans: a

96. In a public company with diffused ownership, the board of directors is entrusted with

- a) monitoring the auditors and safeguarding the interests of shareholders.
- b) monitoring the shareholders and safeguarding the interests of management.
- c) monitoring the management and safeguarding the interests of shareholders.
- d) none of the above

Ans: c

97. The key weakness of the public corporation is

- a) too many shareholders, which makes it difficult to make corporate decision.
- b) relatively high corporate income tax rates.
- c) conflicts of interest between managers and shareholders.
- d) conflicts of interests between shareholders and bondholders.

Ans: c

98. When company ownership is diffuse,

- a) a "free rider" problem discourages shareholder activism.
- b) the large number of shareholders ensures strong monitoring of managerial behavior because with a large enough group, there's almost always someone who will to incur the costs of monitoring management.
- c) few shareholders have a strong enough incentive to incur the costs of monitoring management.
- d) both a) and c) are correct

Ans: d**99. In many countries with concentrated ownership**

- a) the conflicts of interest between shareholders and managers are worse than in countries with diffuse ownership of firms.
- b) the conflicts of interest are greater between large controlling shareholders and small outside shareholders than between managers and shareholders.
- c) the conflicts of interest are greater between managers and shareholders than between large controlling shareholders and small outside shareholders.
- d) corporate forms of business organization with concentrated ownership are rare.

Ans: b**100. In what country do the three largest shareholders control, on average, about 60 percent of the shares of a public company?**

- | | |
|------------------|-----------|
| a) United States | b) Canada |
| c) Great Britain | d) Italy |

Ans: d**101. The public corporation**

- a) is jointly owned by a (potentially) large number of shareholders.
- b) offers shareholders limited liability.
- c) separates the ownership and control of a firm's assets.
- d) all of the above

Ans: d**102. Periodic ethics audits**

- a) Are required by the Indian stock exchange
- b) A method of fostering ethics
- c) A method of quantitative assessment
- d) Always use external consultants

Ans: b**103. Political intrusion into business**

- a) May be desirable in some circumstances
- b) Is anathema
- c) Politics should have no say in how business is conducted
- d) state legislation over-rides Federal Legislation

Ans: a**104. The reach of codes is**

- a) Restricted to those obliged to conform by virtue of membership
- b) Applicable to all
- c) Applicable to the public only
- d) the same as the reach of the law

Ans: a**105. East India Company**

- a) Was always a management agency for the British government
- b) had a continuous trade monopoly until 1873
- c) Went out of existence at the time of Indian independence

d) Largely set commercial and management practices for India

Ans: d

106. Quantification in ethics may be done by

- a) Putting monetary value on prospective actions
- b) Comparing the value of one action with another
- c) Both A and B
- d) Neither A or B

Ans: c

107. When communicating a code of conduct

- a) Focus on values that should guide decision making
- b) Provide the same code of conduct to all departments regardless of its length.
- c) Refrain from changing the code of conduct regularly
- d) Fewer employees will read the code if it is short

Ans: a

108. The _____ approach to formal corporate ethics initiatives is proactive and inspirational.

- | | |
|---------------|---------------|
| a) Rules | b) Compliance |
| c) Principles | d) Values |

Ans: d

109. The _____ approach to formal corporate ethics initiatives focuses on meeting required behavior norms or obeying the letter of the law

- | | |
|---------------|---------------|
| a) Rules | b) Compliance |
| c) Principles | d) Values |

Ans: b

110. Which of the following is associated with the classical view of social responsibility?

- a) economist Robert Reich
- b) concern for social welfare
- c) stockholder financial return
- d) voluntary activities

Ans: c

111. How many stages are in the model of an organization social responsibility progression?

- | | |
|------|------|
| a) 3 | b) 4 |
| c) 5 | d) 6 |

Ans: b

112. The belief that a firm pursuit of social goals would give them too much power is known as what argument in opposition to a firm being socially responsible?

- a) Costs
- b) lack of skills
- c) lack of broad public support
- d) too much power

Ans: d

113. Social obligation is the obligation of a business to meet its _____.

- a) social and technological responsibilities
- b) economic and legal responsibilities
- c) technological and economic responsibilities

d) economic and social responsibilities

Ans: b

114. Under the concept of social obligation, the organization _____.

- a) does what it can to meet the law, and a little bit more for stakeholders
- b) fulfills its obligation to the stakeholders, which makes it fulfill the law, too
- c) does the minimum required by law
- d) fulfills its obligation to the law and its stakeholders

Ans: c

115. Social responsiveness refers to the capacity of a firm to adapt to changing _____.

- | | |
|------------------------|------------------------------|
| a) societal conditions | b) organizational conditions |
| c) societal leaders | d) organizational managers |

Ans: a

116. Applying social criteria to an investment decision refers to _____.

- | | |
|--------------------------|--------------------------|
| a) socioeconomic view | b) social responsiveness |
| c) social responsibility | d) social screening |

Ans: d

117. Which of the following is a basic definition of ethics?

- a) moral guidelines for behavior
- b) rules for acknowledging the spirit of the law
- c) rules or principles that define right and wrong conduct
- d) principles for legal and moral development

Ans: c

118. Reasoning at the _____ level of moral development indicates that moral values reside in maintaining the conventional order and the expectations of others.

- | | |
|------------------|-----------------|
| a) Preconvention | b) Conventional |
| c) Principled | d) arrival |

Ans: b

119. A personality measure of person's convictions is _____.

- | | |
|----------------------|------------------------|
| a) moral development | b) ego strength |
| c) locus of control | d) social desirability |

Ans: b

120. Which of the following organizational structural characteristics would most likely result in managerial ethical behavior?

- a) few job descriptions
- b) formal rules
- c) mixed messages from authority figures
- d) All of these

Ans: b

121. Global organizations must _____ their ethical guidelines so that employees know what is expected of them while working in a foreign location

- | | |
|--------------|------------|
| a) Clarify | b) Provide |
| c) Establish | d) broaden |

Ans: a

122. _____ is a document that outlines principles for doing business globally in the areas of human rights, labor, the environment, and anticorruption.

- a) A code of ethics
- b) The Global Compact
- c) The Foreign Corrupt Practices Act
- d) Global Ethics

Ans: b

123. A _____ is a formal statement of an organization primary values and the ethical rules it expects its employees to follow

- | | |
|----------------------|-------------------------|
| a) mission statement | b) statement of purpose |
| c) code of ethics | d) vision statement |

Ans: c

124. The primary stakeholders are:

- a. Customers.
- b. Suppliers.
- c. Shareholders.**
- d. Creditors.

125. The goal of corporate governance and business ethics education is to:

- a. Teach students their professional accountability and to uphold their personal Integrity to society.
- b. Change the way in which ethics is taught to students.
- c. Create more ethics standards by which corporate professionals must operate.**
- d. Increase the workload for accounting students.

126. The corporate governance structure of a company reflects the individual companies':

- a. Cultural and economic system.
- b. Legal and business system.
- c. Social and regulatory system.
- d. All of the above.**

127. The internal audit function is least effective when the department:

- a. Is non-independent.**
- b. Is competent.
- c. Is objective.
- d. Exhibits integrity

128. Under the _____, both internal and external corporate governance mechanisms are intended to induce managerial actions that maximize profit and shareholder value.

- a. Shareholder theory.**
- b. Agency theory.
- c. Stakeholder theory.
- d. Corporate governance theory.

129. One of the objectives of the Sarbanes-Oxley Act was to:

- a. Increase the cost of compliance with federal regulations.
- b. Force foreign companies to delist from U.S. capital market exchanges.
- c. Improve the quality and transparency of financial reporting.**
- d. Increase the compliance burden for small companies.

130. An organization's appropriate tone at the top promoting ethical conduct is an example of:

- a. Ethics sensitivity.
- b. Ethics incentives.
- c. **Ethical behavior.**
- d. Consequentialist.

131. An independent director is one who:

- a. Did not attend a school supported by the company.
- b. Does not have outside relationships with other directors.
- c. **Does not have any other relationships with the company other than his or her directorship.**
- d. All of the above.

132. The chairperson of the board of directors and CEO should be leaders with:

- a. Vision and problem solving skills.
- b. The ability to motivate.
- c. Business acumen.
- d. **All of the above.**

133. A board that is elected in a classified system is known as a:

- a. **Diversified board.**
- b. Staggered board.
- c. Rotating board.
- d. Declassified board.

PRACTICE SETS

1. business ethics is a

- a. universal philosophy
- b. philosophy of business
- c. rule of law
- d. rule of life

2. "business ethics is concerned primarily with the relationship of business goals and techniques to specific human needs". This statement is made by

- a. Albert Z carr
- b. Rogene
- c. Thomas M Garrett
- d. Peter F Drucker

3. _____ refers to the right or wrong behavior in business decisions.

- a. social responsibility
- b. business skills
- c. business ethics
- d. business entrepreneurship

4. which is the element of business ethics?

- a. a discipline
- b. it is an art and science both
- c. good intention
- d. all of the above

5. Business ethics is

- a. based on the reality and social customs prevailing in business environment
- b. not affected by the social approval or disapproval
- c. based for long term growth of business
- d. all of the above

6. the features of business ethics are
 - a. study of goals and means
 - b. dynamic philosophy
 - c. relates too human angle
 - d. all of these
7. which is the favorable point of business ethics?
 - a. perpetual succession
 - b. reputation of business
 - c. helps in professionalization of mgt
 - d. all of the above
8. a code of ethics specifies
 - a. rules of selling
 - b. rules of advertising
 - c. rules of behavior
 - d. all of these
9. ethical codes are products of
 - a. norms and beliefs of organization
 - b. regulations
 - c. cultural values
 - d. all of the above
10. which is an example of ethical code?
 - a. providing best services
 - b. charging right prices
 - c. promoting right information
 - d. all of the above
11. which is the principle of business ethics?
 - a. principle of sprit of service
 - b. principle of due process
 - c. principle of satisfaction
 - d. all of the above
12. which is an example of ethical codes?
 - a. we believe in more production
 - b. we believe in assets
 - c. we believe in money
 - d. none of the above
13. "ethics deal with the right actions of individuals". who said this?
 - a. J R Betty
 - b. DC Za Ne
 - c. Peter F Drucker
 - d. CS Rao
14. Which technique may be used by improve ethical conduct of business at the government level?
 - a. political discipline
 - b. removal of unnecessary control
 - c. strict penalty norms
 - d. all of the above
15. the ethical issues relating to owners of business is
 - a. investment of capital on profitable projects
 - b. safeguard interest of minorities shareholders
 - c. new issue of shares
 - d. all of the above
16. which factors causes ethical behavior in business
 - a. public disclosure
 - b. pressure from top executives
 - c. inspiration from leaders
 - d. all of the above
17. which administrative measures can prove conducive to the process of morale building?
 - a. sound wage structure
 - b. security of job
 - c. grievance procedure
 - d. all of these
18. the ethical issues relating to customers include

- a. quality of the product
b. price of the product
c. safety in handling product
d. all of the above
19. which of the following statement is true?
a. business ethics arises from considering the conditions under which modern business is conducted, can be broadly described as concern for the social responsibility of business
b. corporate social responsibility encompasses a firm's ethics, in accordance with which it brings to all its business dealings such moral values as honesty, fairness and respect.
c. ethics deals with the right actions of individuals
d. all of the above
20. which is the technique to improve ethical conduct of business?
a. transparency in working
b. ethics committee
c. ethical code of conduct
d. all of these
21. which technique may be used to improve ethical conduct of business at the government level?
a. counselling on human values
b. social audit
c. ethical training
d. all of the above
22. "Best journey" is a ethical code of
a. Railway company
b. RIL
c. Hutch
d. Indian government
23. the psychological qualities are
a. resourcefulness
b. personnel chairman
c. cooperation
d. all of these
24. which of the following statements are true?
a. the terms "ethics" and "morality" are not synonymous terms
b. ethics are principles that guide the human behavior
c. morals are related to traditional believes
d. all of the above
25. "the religions derive their moral percepts not only from human experience but from revelation." Who said this?
a. Rogene A Buchholz
b. Thomas M Garrett
c. Rue and Thomas
d. Albert Z
26. Which are the principles of business ethics?
a. principle of satisfaction
b. principle of aspirit of service
c. principle of universal value
d. all of the above
27. the factors causing ethical behavior in business are
a. public awareness
b. government policies
c. statutory control
d. all of these
28. "We wish to be good citizens of every community in which we live". This is a
a. political code of conduct
b. social code
c. ethical code
d. legal rule

29. business ethics is a dynamic philosophy of _____ economic adjustment whose field is widening day by day.
- traditional
 - historical
 - social
 - political
30. which of the following is an ethical code?
- we push product to customer
 - do by hook or by crook
 - satisfy customer properly
 - let go money
31. the environmental ethics include
- future of humanity
 - balanced ecology
 - protection of environment from industrial hazards
 - all of the above
32. which one of the following denotes six features of ethical code of conduct for manager?
- integrity, impartiality, responsiveness to public interest, accountability, honesty, transparency
 - integrity, impartiality, responsiveness to public interest, accountability, fairness, transparency
 - integrity, impartiality, responsiveness to public interest, civil society, accountability, transparency
 - integrity, impartibility, responsiveness to public interest, economic, honesty, transparency
33. ethics is concerned with the goods worth seeking in life and with the rules that ought to govern human behavior and
- social pressure
 - social torture
 - undue influence
 - social interaction
34. the factors causing unethical conduct of business are
- economic greed
 - decreasing standards of society
 - political corruption
 - all of the above
35. which of the following statement is true?
- a human being has a soul, a spark of the divine
 - the divine resides in the heart of a person
 - the divine means perfection in knowledge, wisdom and power
 - all of the above
36. which of the following statement is true?
- government in the country has enacted various laws, rule and regulations under the provision of which the business is bound to act honestly
 - a business who follows unethical conduct in business should be socially boycotted by the people
 - Walton writes that business ethics is related with truth and justice
 - all of the above
37. value based management is essential to combine subjective and
- normative phenomena
 - objective phenomena
 - power
 - tangible items
38. which of the following statement is true?
- for the profits, monopoly firm gives misleading advertisement, false labeling etc
 - role playing is a device used to stimulate a living situation
 - according to classical approach to moral reasoning, the satisfaction of basic needs is the symbol of morale
 - all of the above

39. the Indian ethos is for the individual self to become aware, develop and contribute social welfare by linking yourself to the

- a. customs
- b. cooperation
- c. business
- d. society

40. Morale is related to the state of mental health which is closely associated with

- a. loyalty
- b. enthusiasm
- c. egoism
- d. all of the above

41. "Morale is the capacity of a group of people to pull together persistently and consistently in pursuit of a common goal". Who said it?

- a. Saff V Ray
- b. Alexander Leighton
- c. Robert Cruion
- d. Dale Yoder

42. which is the approach of morale?

- a. classical approach
- b. psychological approach
- c. social approach
- d. all of these

43. which statement is true in today's era?

- a. human welfare is sacrificed
- b. consumers are by passed
- c. the environment has pollution
- d. all of the above

44. the value oriented and holistic management will enable us to lead a much better life, much more qualitatively.

- a. superior life
- b. lawful consideration
- c. better product
- d. all of these

45. human and ethical values such as vision integrity etc. are subjective subtle and

- a. intangible concepts
- b. subjective approach
- c. tangible approach
- d. system

46. which is the ethical code as per Keptein and Klamer?

- a. broad acceptance within the company
- b. integration into a broad company
- c. a valid motivation for its introduction
- d. all of the above

47. which of the following statements are true?

- a. Ethical egoism is based on the concept of ethical relativism
- b. teleological ethics focuses on the end result and then relating the end results to the process of achieving the autonomy of individual
- c. holistic school of ethics cannot remain indifferent about the means while achieving the ends
- d. all of the above

48. the national society of professional engineers had a code, which requires professionals to

- a. dissociate themselves from organizations that are of a questionable character
- b. further the good cause for public
- c. clarify the consequences if a technical opinion is overruled by a non-technical person
- d. all of the above

49. from the workers perspective, organizations in production should minimize

- a. worker alienation
- b. monotony and dehumanization of the worker

- c. lack of water control over work conditions d. all of these

50. which is the input functions of political system?

- a. political requirement b. interest aggregation
c. interest articulation d. all of these

ANSWER KEYS

1=A	2=C	3=C	4=D	5=D	6=D	7=D	8=D	9=D	10=D
11=D	12=D	13=C	14=D	15=D	16=D	17=D	18=D	19=D	20=D
21=D	22=A	23=D	24=D	25=B	26=D	27=D	28=B	29=C	30=C
31=D	32=A	33=D	34=D	35=D	36=D	37=B	38=D	39=A	40=D
41=B	42=D	43=D	44=D	45=A	46=D	47=D	48=D	49=D	50=D

PREVIOUS YEAR QUESTIONS'

- Ethics are moral principles and values which
 - are legally enforceable
 - guide a firms behavior
 - provide employees with rules on how to behave
 - govern the actions of an individual
- which one among the following is not a true statement?
 - Accountability and transparency is not visible in less developed countries
 - a disciplined and controlled corporate governance can considerably reduce financial turmoil
 - a good corporate citizenship is a sort of national pride
 - a good corporate governance can considerably reduce corporate frauds
- Statement I According to Plato, a capitalist system is unjust because of many reasons including distributive injustice.
Statement II Capitalism leads to the alienation of workers.
Codes
 - statement I is correct but statement II is incorrect
 - statement II is correct but statement I is incorrect
 - both statements are incorrect
 - both statements are correct
- who among the following has not given a model on corporate social responsibility
 - Walker
 - Friedman
 - Ackerman
 - Carroll
- match the items of list II with those of list I and choose the correct code of combination.

List-I	List-II
a. procedural justice	1. justice to a particular community which had been suffering in the past from injustice.
b. commutative justice	2. treat equal people equally and unequal people unequally
c. communitarian justice	3. justice is ensured at the beginning and all people are treated equally
d. distributive justice	4. actions performed complying to the law

Codes

	A	B	C	D
a.	4	3	2	1
b.	4	3	1	2
c.	4	1	2	3
d.	3	1	2	4

6. Statement I For the improvement in the corporate governance, the department of company affairs proposed a code of behavior for the public sector companies in the year 1998.

Statement II The clause 49 of SEBI was amended on August 2001, which had made it mandatory for every public company listed on Indian stock exchange to sign it.

Codes

- a. statement I is correct, but statement II is incorrect
- b. statement II is correct but statement I is incorrect
- c. both statements are correct
- d. both statements are incorrect

7. The 'Polluters must pay' principle is commonly accepted practice that those who produce pollution should bear the cost of managing it to prevent damage to human health or the environment. This principle was adopted in

- a. 1996 Manila declaration
- b. 2002 Kyoto Declaration
- c. 1992 Rio declaration
- d. 2007 Paris declaration

8. Assertion Archie Carroll's model speaks of an organization's four basic forms of responsibility in order of priority.

Reason Economic, legal, ethical, philanthropic responsibilities and their compliance increases brand value and furthers the profit.

Codes

- a. both A and R are correct and R is the correct explanation of A
- b. both A and R are correct but R is not the correct explanation of A
- c. A is correct but R is incorrect
- d. Both A and R are incorrect

9. Which of the following is not a norm of corporate governance?

- a. audit committee
- b. woman independent director
- c. disclosure norms of earning per share
- d. clause 49

10. Match the items of List I with those of list II

List-I	List-II
a. Cadbury committee	1. SEBI regulations
b. clause 49 of listing agreement	2. code of best practice
c. minimum number of board meeting per year	3. ethics
d. whistle blowing	4. companies act 2013

Codes

	A	B	C	D
a.	4	3	2	1
b.	2	1	4	3
c.	4	1	2	3
d.	3	1	2	4

11. Assertion The United nations inter-governmental panel on climate change has concluded that there is a discernible human influence on the global climate.

Reason The united nations' groups conclusions are unformed; some experts differ and say that a reliable estimate of the human imprints magnitude remains a distance off.

Codes

- both A and R are correct and R is the right explanation of A
- both A and R are correct but R is not the right explanation of A
- A is correct but R is incorrect
- both A and R are incorrect

12. statement I The science of ethics is a normative science.

Statement II Normative science judge the value of the facts in terms of an idea; concerned with judgments of 'what ought to be' but not with factual judgments.

Codes

- statement I is correct but statement II is incorrect
- statement II is correct but statement I is incorrect
- both statements are incorrect
- both statements are correct

13. Utilitarianism theory of ethics refers to which one of the following?

- welfare
- duty
- obligation
- rules

14. deontological theory of ethics is concerned with which of the following?

- duty ethics
- Obligation ethics
- rule based ethics
- Classical ethics

Codes

- both 1 and 2
- both 1 and 3
- both 1 and 4
- 1 2 and 3

15. Assertion Decisions in small matters largely tend to set a pattern for the more important ones you may make as managers.

Reason A multi industry survey conducted in the USA indicated that 40% of the managers said that their superiors had at some time told them to do certain things unethical.

Codes

- A and R bot are correct and R is the correct explanation of A
- A is correct but R is incorrect
- A is incorrect but R is correct
- A and R both are correct but R is not the correct explanation of A

16. match the items of list I with those of list II

LIST-I	LIST-II
a. ethics are the principles of conduct governing an individual or profession	1. John Donaldson
b. ethics is the discipline dealing with what is good and bad, or right and wrong or with moral duty and obligation.	2. Keith Davis
c. ethics are a set of rules that defines right and wrong conduct.	3. shea
d. business ethics. In short can be described as the systematic study of moral (ethics) matters pertaining to business, industry or related activities, institutions or practices and beliefs	4. R Wayne Mondy

Codes

	A	B	C	D
a.	3	4	1	2
b.	3	4	2	1
c.	4	3	2	1
d.	1	2	3	4

17. a business should act ethically for which of the following reasons?

1. to prevent harm to the general public
2. to meet stakeholder expectations
3. to protect their own employees
4. to maximize profit of the business

Codes

- a. 1 2 3 b. 2 3 4 c. 1 3 4 d. 1 4

18. Which one among the following is not correct about JJ Irani committee's recommendations on company law(2005).

- a. 2/5th of the board of a listed company should comprise of independent directors
- b. introduce the concept of one person company
- c. allow corporations to self-regulate their affairs
- d. disclose proper and accurate compilation of financial information of a corporation

19. Match list I with list II

LIST-I	LIST-II
a. ethical method	1. corporate responsibilities limited to private owners
b. statist model	2. voluntary commitment by companies to public welfare
c. liberal model	3. state ownership and legal requirements determine corporate responsibilities
d. stakeholder model	4. companies respond to the need of the customers, communities etc.

Codes

	A	B	C	D
a.	2	3	1	4
b.	3	4	2	1
c.	4	3	2	1
d.	1	2	3	4

20. Assertion The state shall endeavor to protect and improve the environment and to safeguard the forest and wildlife of the country

Reason The directive principles of state policy of the Indian constitution command the state to ensure protection and improvement of environment and to safeguard forest and wildlife

Codes

- a. A is correct but R is not correct
- b. R is correct but A is not correct
- c. both A and R are correct and R is the correct explanation of A
- d. both A and R are correct but R is not the correct explanation of A

21. Statement I Ethical principles tend to be broader than legal principles

Statement II Laws and ethics are closely related

Codes

- a. statement I is correct but statement II is incorrect
- b. statement II is correct but statement I is incorrect
- c. both the statements are correct
- d. both the statements are incorrect

22. which one of the following denotes good choices of ethical decision making?

- a.
 - i. take choice seriously
 - ii. good decisions are both ethical and effective
 - iii. discernment and discipline
- b.
 - i. ethical actions
 - ii. discernment and discipline
 - iii. stage of social welfare
- c.
 - i. take choice seriously
 - ii. improve ethical decision
 - iii. discernment and discipline
- d.
 - i. good decision are both ethical and effective
 - ii. take choice seriously
 - iii. ethical actions

23. CII committee on corporate governance with SEBI as the custodian of investors constituted on 7th may 1999 is known by which one of the following?

- a. Dr. J J Irani committee
- b. Kumar Mangalam Birla committee
- c. Narayan Murti committee
- d. working group on the companies act

24. Gandian concept of social responsibility is denoted by which one of the following?

- a. social commitment concept
- b. trusteeship concept
- c. sustainable development concept
- d. welfare concept

25. the three basic principles of business ethics are shown by which one of the following

- a. utilitarianism, social commitment and reputation
- b. utilitarianism, societal reputation and justice
- c. utilitarianism, principle of right and principle of justice
- d. principle of right, principle of justice and social commitment

26. Statement I Ethical decision making is very tough prospect in the 'dog-eat-dog' world. All will have to fall in and play fair

Statement II in this age of liberalization and globalization, the old dirty games and ethical conduct will no longer be accepted.

Codes

- a. both statements are incorrect
- b. both statements are correct
- c. statement I correct but statement II incorrect
- d. statement I incorrect but statement II correct

27. Assertion Rules notified by the Ministry of Corporate Affairs section 149 of the companies act mandates that a listed company having a paid up share capital of Rs 100 crore or more shall appoint at least one woman director on its board.

Reason The corporate entities wanted to enhance gender equality and woman empowerment in corporate governance and company administration.

Codes

- a. both A and R are correct
- b. A is correct and R is the right explanation of A
- c. A is correct but R is not the right explanation of A
- d. both A and R are incorrect

28. Assertion Deontology is duty based ethics. It is an approach to ethics that addresses whether the motives behind certain action are right or wrong.

Reason Deontology focuses on whether the results of the actions are right or wrong.

Codes

- a. both A and R are correct
- b. A is correct and R is the right explanation of A
- c. A is correct R is not the right explanation of A
- d. Both A and R are incorrect

29. teleology in ethics supports which one of the following the most?

- a. it is duty based ethics and measures whether an action is right or wrong
- b. it measures whether the results of the actions are right or wrong
- c. it focuses on purpose of each action and judges the consequences of an action
- d. it focuses on neutrality and fidelity of an action

30. which one of the following of Immanuel Kants principle, known as categorical imperatives, is a guide to managerial action?

- a. the managers should be open to share his or her corporate secrets, individual traits with external agencies
- b. the managers be free and open to share his individual knowledge and experience for community's gain
- c. a person action is ethical only if that person is willing for that same action to be taken by everyone who is in a similar situation
- d. a person always treats another human being simply as a means to an end

31. Assertion Social audit has been defined as a commitment to systematic assessment of and reporting in some meaningful, definable domain of the company's activities that have social impacts.

Reason The companies act 2013 has accorded statutory recognition of the social responsibility of a corporate entity and gives option to provide a percentage of profit for the purpose as per discretion of the board.

Codes

- a. both A and R are correct and R is the correct explanation of A
- b. both A and R are correct but R is not the correct explanation of A
- c. A is correct but R is incorrect
- d. R is correct but A is not correct

32. which of the following is the component of ethics by field of interest?

- a. descriptive ethics
- b. normative ethics
- c. meta ethics
- d. all of these

33. what is the right sequence of four psychological sub-processes in ethical action given by James Rest?

- a. moral sensitivity, moral focuses, moral judgment, moral character
- b. moral focus, moral character, moral sensitivity and moral judgement

- c. moral sensitivity, moral judgement, moral focus and moral character
d. moral character, moral focus, moral judgement and moral sensitivity

34. A new approach 'learning model' which is helpful to strengthen the decision making process was developed by

- a. Arthur Rich
b. Bob Garratt
c. Christain wolff
d. Lord Keynes

35. Assertion Corporate behavior towards stakeholders is an important concept in practice and a central part of corporate governance.

Reason It has to be ethical, legal and responsible behavior for organization, stakeholders and society.

Codes

- both A and R are true
- Both A and R are false
- A is false but R is true
- A is true but R is not correct explanation of A

36. CRS is important because

- a. it influence all aspects of company's operation
- b. it gives company's mission and strategy
- c. it increases the general affluence and societal expectation
- d. all of the above

37, which of the following is not a principle of CRS

- a. protecting environment
- b. avoiding price discrimination
- c. promotional activities
- d. adopting the labour policies

38. Match the items of two lists, indicating the correct code.

List-I	List-II
a. transparency	1. all stakeholders groups have the opportunity to maintain or improve their well being.
b. equity	2. the state of being answerable for decisions and activities to aall stakeholders
c. sustainability	3. information freely available and directly accessible to interested parties
d. accountability	4. the effect which action taken in the present has upon the options available in the future

Codes

- | | A | B | C | D |
|----|---|---|---|---|
| a. | 3 | 1 | 4 | 2 |
| b. | 1 | 2 | 3 | 4 |
| c. | 2 | 3 | 1 | 4 |
| d. | 3 | 1 | 2 | 4 |

39. In order to check the growing unethical practices in the field of information technology, the first cyber law passed in India s

- a. information technology act
b. anti-hacking law
c. cyber law
d. e-commerce law

40. statement I Law and moral standards overlap to a certain extent.

Statement II law represents a minimum set of standards for regulating human behavior in society.

Codes

- a. both statements are incorrect
- b. statement I is correct but statement II is not correct explanation of statement I
- c. statement I is correct but statement II is the correct explanation of statement I
- d. statement I is incorrect and II is the correct statement in isolation

41. in view of competitive global economy, corporations are involved in cost cutting, corporate restructuring, mergers and acquisitions and downsizing. All these activities can be carried out successfully only if there is proper

- a. business ethics
- b. ethical audit
- c. corporate social responsibility
- d. corporate governance

42. morality of an employee in a business organization depends upon

- a. individual disposition
- b. understanding of business activities
- c. understanding of individual in a group
- d. family set-up of individual employee

43. corporate governance mechanism should ensure that corporate executives make strategic decisions that serve the entire group of

- a. environmentalists
- b. government official
- c. suppliers
- d. shareholders

44. fundamental legal obligations in taking corporate business decisions are formulated on the basis of

- a. judicial principles
- b. moral principles
- c. ethical principles
- d. legislative principles

45. clause 49 of SEBI regulations was amended on

- a. 15 august 2000
- b. 26 august 2003
- c. 26 january 2007
- d. 14 February 2008

ANSWER KEYS

1=D	2=A	3=B	4=A	5=B	6=D	7=C	8=D	9=C	10=B
11=B	12=D	13=A	14=D	15=D	16=B	17=A	18=A	19=A	20=C
21=C	22=A	23=B	24=B	25=C	26=B	27=C	28=C	29=C	30=C
31=C	32=D	33=A	34=B	35=A	36=D	37=C	38=A	39=A	40=C
41=D	42=A	43=D	44=C	45=B	46=B				

UNIT-4

ORGANISATION BEHAVIOUR

- Q1. Organization structure primarily refers to
- a. how activities are coordinated & controlled
 - b. how resources are allocated
 - c. the location of departments and office space
 - d. the policy statements developed by the firm

Answer: a

- Q2. The purpose of job enrichment is to
- a. expand the number of tasks an individual can do
 - b. increase job efficiency
 - c. increase job effectiveness
 - d. increase job satisfaction of middle management

Answer: b

- Q3. Strategic planning as a broad concept consists of
- a. corporate strategy and business strategy
 - b. strategy formulation and strategy implementation
 - c. inputs and outputs
 - d. environmental analysis and internal analysis

Answer: b

- Q4. According to Herzberg, which of the following is a maintenance factor?
- a. Salary
 - b. Work itself
 - c. Responsibility
 - d. Recognition

Answer: d

- Q5. A major problem with a task force type of management is
- a. there is no logical basis for task force information
 - b. its status is too inflexible
 - c. accountability
 - d. lack of planning

Answer: b

- Q6. Individuals such as Albert Einstein, Edwin Land and Steven Jobs lead through which type of power?

- a. Legitimate
- b. Reward
- c. Expert
- d. Charismatic

Answer: c

- Q7. Communication begins with

- a. encoding
- b. idea origination
- c. decoding
- d. channel selection

Answer: b

- Q8. Functional managers are responsible

- a. for a single area of activity

- b. to the upper level of management and staff
- c. for complex organizational sub-units
- d. for obtaining copyrights and patents for newly developed processes and equipment

Answer: a

Q9. Policies are sometimes defined as an

- a. shortcut for thinking
- b. action plan
- c. substitute for strategy
- d. substitute for management authority

Answer: d

Q10. The problem-solving process begins with

- a. clarification of the situation
- b. establishment of alternatives
- c. identification of the difficulty
- d. isolation of the cause

Answer: c

Q11. A study of the culture and practices in different societies is called

- a) Personality
- b) Anthropology
- c) Perception
- d) Attitudes

Answer: b

Q12. _____ is known as “the father of scientific management.”

- a) Fredrick W. Taylor
- b) Henry Fayol
- c) Robert Owen
- d) None of these

Answer: a

Q13. _____ a young Welsh factory owner was one of the first to emphasize the human needs of employees: He refused to employ young children

- a) Andrew Ure
- b) J.N. Tata
- c) Robert Owen
- d) None of these

Answer: c

Q14. _____ embodies a team concept, is based on the principle of mutual contribution by employer and employees

- a) Autocratic model
- b) Custodial model
- c) Supportive Model
- d) Collegial Model

Answer: d

Q15. Contribution/s of human relations movement is/are

- a) Great Depression
- b) Labour Movement
- c) Hawthorne Studies
- d) All of these

Answer: d

Q16. Edward Tolman is related to

- a) Behaviourist Framework
- b) Cognitive approach
- c) Social Cognitive Framework
- d) None of these

Answer: b

Q17. Forces affecting organizational behavior are

- a) People
- b) Environment
- c) Technology
- d) All of the above

Answer: d

Q18. Hawthorne Studies is related to which stage of the organizational behavior evolution

- a) Industrial revolution
- b) Scientific management

c) Organizational behavior

d) Human relations movement

Answer: d

Q19. In present context,

a) Employee expectation

b) Workforce diversity

c) Globalization

d) All of the above

Answer: d

Q20. Meso organization behavior is related with

a) Individual behavior

b) Group behaviour

c) Organisational behavior

d) None of these

Answer: b

Q21. "Leadership motivates the people to work and not the power of money", this concept is related to

a) Autocratic model

b) Custodial model

c) Supportive Model

d) Collegial Model

Answer: b

Q22. Organisational behaviour is a field of study backed by a body of associated with growing concern for people at workplace

a) Theory

b) Research

c) Application

d) All of the above

Answer: d

Q23. Organisational behaviour is

a) A science

b) An art

c) A science as well as an art

d) None of the above

Answer: c

Q24. The field of organizational behavior examines such questions as the nature of leadership, effective team development, and

a) Interpersonal conflict resolution; motivation of individuals

b) Organisational control; conflict management

c) Motivation of individuals; planning

d) Planning; development

Answer: a

Q25. The term 'psychology' is derived from the word 'psyche', which means 'soul' or 'spirit'

a) Latin

b) French

c) Greek

d) None of these

Answer: c

Q26. The field of organisational behaviour is primarily concerned with

a) The behaviour of individual and groups.

b) How resources are effectively managed.

c) Control processes and interactions between organisations, external context.

d) Both a and c.

Answer: d

Q27. The study of organisation behaviour has certain basic assumptions. They are

a) An industrial enterprise is an organization of people.

b) These people must be motivated to work effectively.

c) The goals of the employee and the employer may not necessarily coincide.

d) All of the above.

Answer: d

Q28. Which of the following represents correct sequencing of historical developments of Organisational Behaviour?

- a) Industrial revolution → Scientific management → Human relations movement → OB
- b) Industrial revolution → Human relations movement → Scientific management → OB
- c) Scientific management → Human relations movement → Industrial revolution → OB
- d) None of these.

Answer: a

Q29. Which of the following frameworks is used in the development of the overall model of OB?

- a) The cognitive framework
- b) The behaviouristic framework
- c) The social learning framework
- d) All of the above

Answer: d

Q30. Which of the following frameworks is based on the expectancy, demand and incentive concepts

- a) The cognitive framework
- b) The behaviouristic framework
- c) The social learning framework
- d) The supportive framework

Answer: a

Q31. Which of the following forms the basis for the autocratic model of OB

- a) Obedience
- b) Authority
- c) Power
- d) Dependence on boss

Answer: c

Q32. "Might is right" is the motto of

- a) Autocratic Model
- b) Custodial Model
- c) Supportive Mode
- d) Collegial Model

Answer: a

Q33. Which one of the following is the definition given by Fred Luthans

- a) "Organizational behavior is to understand, predicting and controlling human behaviour at work"
- b) "Organizational behavior is subset of management activities concerned to human behavior"
- c) "Organizational behavior is a branch of social sciences that seeks to build theories"
- d) "Organizational behavior is a field of study that investigates the impact on behavior"

Answer: a

Q34. Which of the following is not correct for the organizational behaviour?

- a) Organisational behaviour is an integral part of management
- b) Organisational behaviour is a disciplinary approach
- c) Organisational behaviour helps in analysis of behaviour
- d) "Organisational behaviour is goal-oriented"

Answer: b

Q35. The _____ is based on the environment. Though _____ like thinking, expectations and perception do exist, and they are not needed to manage or predict behavior.

- a) Behaviouristic approach, Cognitive processes,
- b) cognitive processes, behaviouristic approach
- c) Social cognitive, behaviouristic approach
- d) Cognitive processes, social cognitive

Answer: a

36. OB is the study of _____ in the organization

- a. Human
b. Employer
c. Human Behaviour
d. Employees

Answer: c. Human Behaviour

37. Now a days a lot of stress is being put on the _____ of the employee in the organization

- a. Character b. improvement
c. Behaviour d. Rewards

(Answer:c Behaviour)

38. OB focuses at 3 Levels

- a. Individuals, Organisation, Society
b. Society, Organisation, Nation
c. Employee, Employer, Management
d. Individual, Groups, Organisation.

(Answer: d. Individual, Groups, Organisation.)

39. Scope of OB does not include

- a. Leadership b. Perception c. Job Design d. Technology

(Answer: d. Technology)

40. High rate of _____ increase cost and tend to place less experienced employee in job

- a. Training
- b. Absenteeism
- c. Employee Turnover
- d. Strikes

(Answer: c. Employee Turnover)

41. Job Satisfaction have _____ related to Absenteeism and Turnover

- a. Positively b. Negatively c. directly d. Elastically

(Answer: b. Negatively)

42. _____ advocated that humans are essentially motivated by levels of needs

- a. A. Maslow B. Follet c. Elton mayo d. Ivon Pavlov

(Answer: a. A. Maslow)

43. Scientist of OB recognize that organisations are not static but dynamic and _____

- a) Processing b) systematic c) ever changing d) researching

(Answer: c. ever changing)

44) _____ and fringe benefits are no longer employees first priority

- a) Wages b) bonus c) rewards d) promotions

(Answer: a) Wages)

45) A manager with good _____ can make the work place more pleasant

- a) Communication b) knowledge c) experience d) Interpersonal Skills

(Answer: d. Interpersonal Skills)

46) _____ is called as father of scientific management

- a) Elton Mayo b) Hendry Fayol c) F.W.Taylor d) Robert Owen

Answer: c. F.W.Taylor

47) The book "The Psychology of management" was published by

- a) William Gilbreth b) Hendry Favol c) F.W.Taylor d) Robert Owen

Answer: a. William Gilbreth

48) _____ is recognized as father of “Human relations”

- a) William Gilbreth b) Hendry Fayol c) F.W.Taylor d) Elton Mayo

Answer: d. Elton Mayo

49) The Hawthome experiment was conducted by

- a) William Gilbreth b) Hendry Fayol c) F.W.Taylor d) Elton Mayo

Answer: d) Elton Mayo

50) The most significant management skills are

- a) Technical, Human and Conceptual b) Technical, behavioural and Conceptual
c) Systematic, Human and Conceptual d) Technical, Human and cognitive

Answer: a) Technical, Human and Conceptual

51) The 3 Theoretical Framework of OB are

- a) Cognitive, Social and Technical b) Cognitive, Behaviouristic, Social
c) leadership, attribution, motivation d) attribution, Perception and motivation

Answer: b) Cognitive, Behaviouristic, Social

52) _____ explains internal processes of choice among different behaviors

- a) Equity Theory b) Expectancy theory
c) Goal attain theory d) Goal setting Theory

Answer: b) Expectancy theory

53) _____ explains how and why people react when they feel unfairly treated

- a) Equity Theory b) Expectancy theory
c) Goal attain theory d) Goal setting Theory

Answer: a) Equity Theory

54) _____ focuses on how to set goals for people to reach

- a) Equity Theory b) Expectancy theory
c) Goal attain theory d) Goal setting Theory

Answer: d) Goal setting Theory

55) Concerning organizational cultures,

- a. a strong culture is a more productive environment
b. a weak culture is a more productive environment
c. the specific culture that contributes to positive effectiveness is well known
d. the stronger the culture, the more influential it is on employee behavior

Answer: d. the stronger the culture, the more influential it is on employee behavior

56) Shared organizational values are

- a. unconscious, affective desires or wants that guide society's behavior
b. influenced by international values
c. different for the various components of a diverse work force
d. a myth

Answer: c. different for the various components of a diverse work force

57) Which of the following best explains why an employee behaves as s/he does?

- a. The environment is the most important consideration in understanding individual employee behavior.
b. Both the environment and individual differences are important considerations in understanding individual employee behavior.
c. Neither the environment nor individual differences are important considerations in understanding individual employee behavior.
d. Employee personality and attitudes are primarily dictated by the environment.

Answer: b. Both the environment and individual differences are important considerations in understanding individual employee behavior.

58) In order from lowest to highest, what are Maslow's five classes of needs?

- a. Social-esteem-physiological-safety-self-actualization
- b. Physiological-safety-social-self-actualization-esteem
- c. Physiological-safety-social-esteem-self-actualization
- d. Self-actualization-esteem-safety-social-physiological

Answer: c. Physiological-safety-social-esteem-self-actualization

59) A lack of clarity concerning what will happen is referred to as

- a. temporal
- b. predisposition
- c. uncertainty
- d. negation

Answer: c. uncertainty

60) Employees with relatively weak higher- order needs are _____ concerned with variety and autonomy.

- a. less
- b. more
- c. very
- d. extremely

Answer: a. less

61) Which of the following is a strategy of job design that increases job depth by meeting employees needs for psychological growth?

- a. Job rotation
- b. Job enrichment
- c. Job enlargement
- d. Job engagement

Answer: b. Job enrichment

62) What is the key word in understanding organization structure?

- a. Control
- b. Change
- c. Process
- d. Delegation

Answer: a. Control

63) Organization structures

- a. affect group behavior more than individual behavior
- b. change rapidly to meet environmental and market changes
- c. contribute positively to organizational performance
- d. can be defined simply as activities that occur regularly

Answer: d. can be defined simply as activities that occur regularly

64) Groups created by managerial decision in order to accomplish stated goals of the organization are called

- a. formal groups
- b. informal groups
- c. task groups
- d. interest groups

Answer: a. formal groups

65) Continued membership in a group will usually require

- a. supporting the group leader
- b. conforming to group norms
- c. encouraging cohesiveness in the group
- d. developing a status system

Answer: b. conforming to group norms

66) The definition of communication implies that

- a. communication is mostly verbal
- b. communication is mostly written
- c. most communication is in a vertical direction
- d. understanding must occur to have communication

Answer: d. understanding must occur to have communication

67) The Least used communication channel in an organization is usually

- a. upward b. downward c. diagonal d. Horizontal

Answer: d. horizontal

68) _____ means the mental action or process of acquiring knowledge and understanding through thought, experience, and the senses.

- a) Learning b) development c) Cognition d) Training

Answer: c) Cognition

68) _____ framework is based o the concept of Expectancy, demand and Intention of the human being.

- a) Behaviouristic b) Expectancy
c) Cognitive d) Social learning

Answer: c) Cognitive

69) According to Edward Tolman, _____ consists of the expectancy that a particular event will lead to a particular consequence.

- a) Eventual b) Behaviour c) Learning d) Attitude

Answer: c) Learning

70) Every individual set his goal and he also know the _____ which will take him to achieve the goal.

- a) Process b) Behaviour c) Event d) way

Answer: b) Behaviour

71) _____ insist that it is advisable and fruitful to the study the behaviour of the human being which is visible than studying the mind which is elusive in nature.

- a) Ivan Pavlov and Jon B. Watson b) Ivan Pavlov
c) Jon B. Watson Ivan Pavlov and A. Maslow d) none of these

Answer: a) Ivan Pavlov and Jon B. Watson

72) _____ is the force of action or motivation.

- a) Behaviour b) Stimulus
c) Perception d) Attitude

Answer: b) Stimulus

73) _____ is the behaviour for a stimulus.

- a) Stimulus b) response
c) Perception d) Attitude

74) Behavioural framework based on _____ behaviour and __environmental variables.

- a) Observable --- Non Observable b) Observable --- Observable
c) Non Observable --- Observable d) Non observable --- Non Observable

Answer: b) Observable --- Observable

75) Human can project ____ behaviour for ____ stimulus and he exhibit a response depending on environmental consequences.

- a) different--- different b) same---same
c) same---different d) different--- same

Answer: d) different--- same

76) As per _____ Behaviour is not the outcome of stimulus alone, but it is an outcome which also depends on contingent environmental consequences of a behaviour

- a) Behaviouristic Framework b) Cognitive Framework
c) Sinner Framework d) Behaviour Theory

Answer: a) Behaviouristic Framework

77) The social cognitive theory states that the person and the external situations are _____ with each other along with the behaviour itself to determine the behaviour.

- a) related
- b) linked
- c) interdependence
- d) combined

Answer: c) interdependence

78) _____ states that along with cognitive and external situation the experiences faced through relevant past events determines what a person becomes and this will create an impact in subsequent behaviour.

- a) Behaviouristic Framework
- b) Cognitive Framework
- c) Social Cognitive Framework
- d) Social Framework

Answer: c) Social Cognitive Framework

79) _____ developed social learning theory into the more comprehensive social cognitive theory (SCT).

- a) Bandura
- b) Luthans
- c) Sinner
- d) I Pavlo

Answer: a) Bandura

80) _____ have translated this SCT into the theoretical framework for organizational behavior.

- a) Stajkovic and Luthans
- b) Stajkovic and Sinner
- c) Sinner and Luthans
- d) Stajkovic and Pavlo

Answer: a) Stajkovic and Luthans

81) Bandura identified _____ basic human capabilities as a part of SCT.

- a) 4
- b) 3
- c) 5
- d) 6

Answer: c) 5

82) People process visual experiences into cognitive models. They help in future action is

- a) Symbolizing
- b) Forethought
- c) Observational
- d) Regulatory

Answer: a) Symbolizing

83) Employees plan their actions is called as

- a) Symbolizing:
- b) Forethought
- c) Observational
- d) Self-regulatory

Answer: b) Forethought

84) Employees learn by observing the performance of the referent group (peers, supervisors and high performers) and the consequences of their actions is referred as.

- a) Symbolizing:
- b) Forethought
- c) Observational
- d) Self-regulatory

Answer: c) Observational

85) Employees self-regulate their actions by setting internal standards

- a) Self-reflective
- b) Forethought
- c) Observational
- d) Self-regulatory

Answer: d) Self-regulatory

86) Employees reflect back on their actions (how did I do?) and perceptually determine how they believe then can successfully accomplish the task in the future given the context

- a) self-reflective
- b) Forethought
- c) Observational
- d) Self-regulatory

Answer a) self-reflective

87) OB Helps to understand behaviour of human in _____.

- a) work place and Society b) work place only
b) Society only d) Department only

Answer: b) work place only

88) OB does Not contributed to improve

- a) Motivation c) Efficiency
c) Interpersonal relations. d) Communication

Answer c) interpersonal relations

89) Common uniform, canteen, office does not mean common treatment is limitation of

- a) Organizational Cultural b) Organizational Structure
b) Organizational Behaviour d) Organizational Value

Answer: b) Organizational Behaviour

89) Due to emphasis on productivity & efficiency employee are not allowed work with harmony with one another is a limitation of

- a) Organizational Cultural b) Organizational Structure
b) Organizational Behaviour d) Organizational Value

Answer: b) Organizational Behaviour

90) If modern day managers do not positively address and manage work force diversity of the following may become negative outcomes for an organisation except

- a) more difficult communication b) Increased creativity and innovation
c) more interpersonal conflicts d) potential for higher employee turnover

Answer: b) Increased creativity and innovation

91) The structure of an OB model includes 3 levels of analysis individual, group and organizational systems. Issues that influence all 3 levels in various ways and thus affect behavioural dynamics are

- a) change and stress b) Organizational culture and commitment
c) Power and politics d) work design and technology

Answer: a) change and stress

92) some of OB's challenges and opportunities include all of the following except

- a) reinforcing the importance of traditional methods of management
b) offering specific insights to improve interpersonal and people skills
c) helping us learnt to cope in a continues changing world
d) facilitating the improvement of quality and employee productivity

Answer: a) reinforcing the importance of traditional methods of management

93) A program that asks managers to reconsider how work would be done and the organisation structured if they were starting to develop the company from the beginning is

- a) reengineering b) MBO c) TQM d) Diversity training

Answer: a) reengineering

93) Which of the following is not a contributing discipline of OB

- a) Anthropology b) Psychology c) physiology d) sociology

Answer: c) physiology

94) _____ is a Study of individual Behaviour

- a) Anthropology b) Psychology c) political science d) sociology

Answer: b) Psychology

95) _____ is a Study of Group Behaviour

- a) Anthropology b) Psychology c) physiology d) sociology

Answer: d) sociology

96) _____ is a Study of man, his work and Culture

- a) Anthropology b) Psychology c) Social psychology d) sociology

Answer: a) Anthropology

97) _____ focuses on the influence of people on one another

- a) Anthropology b) Psychology c) Social psychology d) sociology

Answer: c) Social psychology

98) The job satisfaction of an employee is depend on the

- a) behaviour b) attitude
c) personality d) employer

Answer: b) attitude

99) Success of each organization is depending upon the performance of

- a) employer b) management
c) vendor d) employee

Answer: d) employee

100) A satisfied employee will be a

- a) motivator to others b) manager c) High performer d) Team Leader

Answer: c) High performer

101) _____ is not a capability of an employee having Positive attitude

- a) Focus b) creativity c) Pessimism d) Confidence

Answer: c) Pessimism

102) Which one is not a benefit to employee which results through positive attitude of an employee

- a) Promotion b) Less stress c) Job security d) enjoying life

Answer: a) Promotion

103) Belief, opinion, knowledge, emotions feelings intention are the components of

- a) OB b) Job satisfaction c) Attitude d) Personality

Answer: c) Attitude

104) Components of Attitude can majorly be segregated in to _____ types

- a) 7 b) 4 c) 3 d) 6

Answer: c) 3

105) The attitude based on Beliefs, opinion, Knowledge, or information about the particular event which the employee possesses is under _____ component of Attitude.

- a) Behavioral b) Cognitive c) Affective d) Positive

Answer: b) Cognitive

106) The attitude based on the concept that "every individual will have an Intention to react in a certain way toward something is " under _____ component of Attitude.

- a) Behavioral b) Cognitive c) Affective d) Positive

Answer: a) Behavioral

107) The attitude based on Feelings, sentiments and emotions of any person is under _____ component of Attitude.

- a) Behavioral b) Cognitive c) Affective d) Positive

Answer: c) Affective

108) _____ is the only component of attitude which is visible and can be observed directly.

- a) Behavioral b) Cognitive c) Affective d) Positive

Answer: a) Behavioral

109) The statement "My friends are good" is an example of _____ component of attitude

- a) Behavioral b) Cognitive c) Affective d) Positive

Answer: b) Cognitive

110) The statement "I don't feel comfortable in crowd" is an example of _____ component of attitude.

- a) Behavioral b) Cognitive c) Affective d) Positive

Answer: c) Affective

115) The statement "I am going to apologies for my mistake" is an example of _____ component of attitude.

- a) Behavioral b) Cognitive c) Affective d) Positive

Answer: a) Behavioral

116) _____ component of attitude is a result of family condition, childhood experiences etc...

- a) Behavioral b) Cognitive c) Affective d) Positive

Answer: c) Affective

117) Which is not a method used for changing the attitude of Employee

- a) use of fear b) Providing new information
c) Performance appraisal d) Giving Feedback

Answer: c) Performance appraisal

118) Among the following which is not a problem in changing the attitude of the employee

- a) Insufficient Information b) Resistant by employee
c) Cognitive Dissonance d) Cognitive Dissonance

Answer: b) Resistant by employee

119) Motivation includes

- a) job enrichment b) Job rotation c) Job enlargement d) all of the above

Answer: d) all of the above

120) "The combination of characteristics or qualities that form an individual's distinctive character" is the definition of

- a) Personality b) Motivation c) Attitude d) behaviour

Answer: a) Personality

121) The family condition and impact of the parents is the main base for the personality of a person. Later it might change by _____.

- a) Thinking b) external influences c) own ability d) learning experiences

Answer: b) external influences

122) Every individual is _____ by their personality.

- a) Intellectual b) Specific c) Unique d) systematic

Answer: c) Unique

123) Sometimes due to any hard situation ____ of an individual will change but will take a long time.

- a) objective b) attitude c) motivation d) Personality

Answer: d) Personality

124) From the below which is not a outcome from person having good personality

- a) good Performer b) Good team player c) Lead a team well d) Make Prot

Answer: d) Make Prot

125) The five personality traits as per Big Five Personality Traits are

- a) Extroversion, Agreeableness, Conscientious, Emotional Stability, Openness to experience
b) Extroversion, Agreeableness, Friendly, Emotional Stability, Openness to experience
c) Extroversion, Agreeableness, Courage, Friendly, Openness to experience
d) Extroversion, Agreeableness, Conscientious, Emotional Stability, Easy going

Answer: a) Extroversion, Agreeableness, Conscientious, Emotional Stability, Openness to experience

126) Outgoing, talkative, social are part of _____ Personality Trait as per big 5 personality trait

- a) Friendly b) Openness to experience c) Introversion d) Extroversion

Answer: d) Extroversion

127) Trust, nature, cooperative are part of _____ Personality Trait as per big 5 personality trait

- a) Agreeableness b) Emotional Stability
c) Openness to experience d) Introversion

Answer: a) Agreeableness

128) Dependable, responsible are part of _____ Personality Trait as per big 5 personality trait

- a) Emotional Stability b) Conscientious
c) Openness to experience d) Introversion

Answer: b) Conscientious

129) Relaxed and Secure are part of _____ Personality Trait as per big 5 personality trait

- a) Agreeableness b) Emotional Stability
c) Openness to experience d) Introversion

Answer: b) Emotional Stability

130) Sensitive and intellectual are part of _____ Personality Trait as per big 5 personality trait

- a) Agreeableness b) Emotional Stability
c) Openness to experience d) Introversion

Answer: c) Openness to experience

131) _____ are the theories which gives an Idea about what employees wants or needs and what are the key factors the managers can utilize to motivate the employees.

- a) Maslow theory b) Herzberg Theory
c) Process Theory d) Content Theory

Answer: d) Content Theory

132) _____ theory states the ways or process by which the needs can be converted into behavior or performance.

- a) Maslow theory b) Expectancy Theory
c) Process Theory d) Content Theory

Answer: c) Process Theory

133) Myers-Briggs Personality is called as

- a) MBIT b) MBET c) MBTI d) MIBT

Answer: c) MBTI

134) _____ are stimulated by events and people external to themselves. They show their feelings, learn by talking, and work well in groups.

- a) Positive personalities b) Introverts
c) Extroverts d) none of the above

Answer: c) Extroverts

135) _____ prefers private reflection, self-examination, and self-discovery. They hide their feelings, prefer to work alone, and learn by watching.

- a) Private personalities b) Introverts
c) Extroverts d) none of the above

Answer: b) Introverts

136) MBTI test the personalities in _____ categories

- a) 3 b) 4 c) 5 d) 6

Answer: b) 4

137) As per MBTI _____ personality people like real-life examples, prefer practical exercises, and get the facts while possibly missing the main idea.

- a) Introversion b) Sensing
c) intuition d) Thinking

Answer: b) Sensing

138) As per MBTI _____ personality people work based on hunches and feelings, use their imagination, and get the main idea while missing some of the facts.

- a) Introversion b) Sensing
c) Intuition d) Thinking

Answer: c) Intuition

139) As per MBTI _____ personality people take a laid back, relaxed approach. They're flexible, open to change, and like to explore.

- a) Introversion b) Sensing
c) Perceiving d) Thinking

Answer: c) Perceiving

140) MBTI stands for

- a) Myers- Briggs Test indicator b) Myers- Briggs Test investigator
c) Myers- Briggs Type indicator d) Myers- Briggs Type investigator

Answer: c) Myers- Briggs Type indicator

141) Psychological process by which individuals organize and interpret their sensory impressions in order to give meaning to their environment is definition of

- a) Attitude b) thinking
c) Perception d) Personality

Answer: c) Perception

142) A Process of receiving, selecting, organizing, interpreting, checking and reacting to sensory stimuli or data so as to form a meaningful and coherent picture of the world is

- a) Attitude b) thinking
c) Perception d) Communication

Answer: c) Perception

143) The _____ theory states that human mind will receive or accept only those information which it feels that it is relevant.

- a) Perception theory
- b) Selective Perception
- c) relevance Theory
- d) none of the above

Answer: b) Selective Perception

144) _____ deals with how the social perceiver uses information to arrive at causal explanations for events.

- a) Attribution theory
- b) Social Perception Theory
- c) Selective Perception
- d) social Theory

Answer: a) Attribution theory

145) _____ is the sequence of psychological steps that a person uses to organize and interpret information from the outside world.

- a) Perceptual process
- b) Thinking process
- c) Selection Process
- d) Sequential theory

Answer: a) Perceptual process

146) Which of the following is not a step in perceptual Process?

- a) Object
- b) selection
- c) Perception
- d) Response

Answer: c) Perception

147) Putting people in to a convenient group on basis of some characteristics and make an assumption to perceive is called as

- a) Stereotyping
- b) Perception
- c) Perceiving
- d) Group perception

Answer: a) Stereotyping

148) Stereotyping generally affects the _____

- a) Organization Structure
- b) Behavior
- c) Interpersonal Relations
- d) Communication

Answer: c) Interpersonal Relations

149) "Girls are not good at sports" is an example of

- a) Perception
- b) Halo effect
- c) Stereotyping
- d) Individual Personality

Answer: c) Stereotyping

150) _____ is our perception of one personality trait influences how we view a person's entire personality.

- a) Perception
- b) Halo effect
- c) Stereotyping
- d) Individual Personality

Answer: b) Halo effect

151) _____ is the process of stimulating people to actions to accomplish the goals.

- a) Bonus
- b) Motivation
- c) Performance-based Incentive
- d) Promotion

Answer: b) Motivation

152) _____ contains the theories which gives an Idea about what employees wants or needs.

- a) Expectancy theory
- b) Maslow theory

c) Process Theory d) Content Theory

Answer: d) Content Theory

153) Which of the following is not an example of Content Theory?

- a) Maslow Theory b) Herzberg's Theory
c) Expectancy theory d) Alderfer's ERG theory

Answer: c) Expectancy theory

154) _____ theory emphasis that, Unsatisfied need can influence the behavior satisfied one will not act as a motivator.

- a) Maslow Theory b) Herzberg's Theory
c) Expectancy theory d) Alderfer's ERG theory

Answer: a) Maslow Theory

155) Maslow says that Human beings are full of needs & wants. And these needs will lead to their?

- a) Job b) Behavior c) Attitude d) Motivation

Answer: b) Behavior

156) The person will try for the complex level need when his _____ is satisfied.

- a) Basic need b) family c) Income d) Job

Answer: a) Basic need

157) In _____ the needs are arranged in an order as per their importance (basic to complex)

- a) Maslow need Theory b) Herzberg theory
c) Satisfaction theory d) Mayo theory

Answer: a) Maslow need Theory

57) The individuality, humanness and mental health of the person will improve _____ the level of need he satisfied.

- a) less than b) Greater than
c) at Per with d) None of the above

Answer: c) at Per with

158) Salary, and basic working condition will come under _____ Needs

- a) Safety b) Physiological need
c) social need d) organizational

Answer: b) Physiological need

159) _____ need improves the confidence level of an employee when satisfied.

- a) Social b) Safety
c) Basic d) Esteem

Answer: d) Esteem

160) Which of the following is not a part of hygiene factor of two-factor theory

- a) Company policy b) Administration
c) responsibilities d) Interpersonal Relations

Answer: c) responsibilities

161) Responsibility, Advancement etc. are an example of

- a) Motivators b) hygiene factors
c) improvement factors d) advance factors

Answer: a) Motivators

162) The higher order needs specified by Maslow is considered as _____ as per Herzberg.

- a) Motivators
c) improvement factors
- b) hygiene factors
d) advance factors

Answer: a) Motivators

163) Expectancy theory is a theory comes under _____ theory

- a) Process
c) Attribution
- b) Content
d) perception

Answer: a) Process

163. According to Organizational Culture Inventory (OCI), an organization in which members are encouraged to work together in ways that meet higher order human needs is classified as having a _____ culture.

- (A) Constructive
(C) Passive
- (B) motivational
(D) high achievement

164. A matrix structure of organization

- (A) Reinforces unity of command
(C) is easy to explain to the employees
- (B) is inexpensive
(D) gives to some employees more than one boss

165. Organisational development (OD) is a planned change plus

- (A) Evaluation
(C) Ability for self-renewal
- (B) Intervention
(D) Reinforcement

166. Which of the following is a correct match?

- (A) McClelland – ERG Theory
(C) Vroom – Equity Theory
- (B) Skinner – Reinforcement Theory
(D) Locke – Expectancy Theory

167 Corporate governance mechanism should ensure that corporate executive make strategic decisions that serve the entire group of

- (A) Environmentalists
(C) Suppliers
- (B) Government officials
(D) Shareholders

168. When we judge someone on the basis of our perception of the group to which he or she belongs, we are using the shortcut, called _____

- (A) Selective Perceptive
(C) Contrast effect
- (B) Halo effect
(D) Stereotyping

169. As per Roceach value survey, which of the following is not an instrumental value ?

- (A) Ambitious
(C) Wise
- (B) Imagination
(D) Capable

170. Which one is the correct combination?

- (A) Theory of Conditioning – Bernarad
(C) Stimulus Response Theory – Hoodman
- (B) Operant Conditioning Theory – B.F. Skinner
(D) Theory of Associates

171. As _____, managers receive a wide variety of information and serve as the nerve centres of internal and external information of the organization.

- (A) Leaders
(C) Distribution handlers
- (B) Monitors
(D) Resource allocators

172. The ability to understand, communicate with, motivate and support other people, both individually and in groups, defines which of the following management skills?

- (A) Hard Skills
(C) Conceptual Skills
- (B) Soft Skills
(D) Political Skills

173. Diffusion of routine information takes place through

- (A) Downward Communication (B) Upward Communication
(C) Horizontal Communication (D) External Communication

174. An integrated group of activities to bring about a change is known as

- (A) Organization development (B) Interventions
(C) OCTAPACE (D) Collaborative culture

Note: The eight important basic values or ethos are as – openness, confrontation, trust, authenticity, proaction, autonomy, collaboration and experimentation. The coined term OCTAPACE is a very meaningful and it shows – eight means Octa and pace means steps and thus, together means the functional ethos of any organization.

175. The psychological contract is:

- A-The match between individual and organizational expectations
B- The changing relationship between staff and manager
C-The basis for performance management
D-A set of moral and ethical codes for employee behavior

176. Which approach to the study of organisational behaviour emphasises the formal structure, hierarchy of management, the technical requirements and the assumption of rational behaviour?

- A-The systems approach B-The contingency theory
C-The human relations approach D-The classical approach

177. Which of the following statements are not correct ? Indicate the correct code.

Statement I : Organizational culture means the general pattern of behaviour, belief and values that organization members have in individuality.

Statement II : As per contingency theory of Leadership, people become leader only because of the demand of group members.

Statement III : The group judgment can only be obtained through the formal committees.

Statement IV : Ombudsperson in communication function is a person assigned to investigate employee concerns and providing valuable upward communication link.

Codes :

- (1) Statements I, II and IV (2) Statements I, III and IV
(3) Statements I, II and III (4) Statements II, III and IV.

178. Which among the following is not a physical barrier of communication ?

- (1) Poor vocabulary (2) Noise (3) Improper time (4) Overload information

179. Statement – I : Management control seeks to compel events to conform to plans.

Statement – II : Controlling is determining what is motivational to the employees of the Code :

- (1) Statement – I is correct but II is incorrect.
(2) Statement – II is correct but I is incorrect
(3) Both the statements I and II are correct
(4) Both the statements I and II are incorrect

180. Assertion (A) : Sound planning is one of the essential elements for the success of corporate entities.

Reasoning (R) : Planning is deciding in advance what is to be done. It involves the selection of objectives, policies, procedures and programmes from among alternatives.

Code :

- (1) Both (A) and (R) are correct and (R) is the right explanation of (A)
(2) Both (A) and (R) are correct but (R) is not the right explanation of (A).

- (3) Both the statements (A) and (R) are incorrect.
 (4) (A) is correct but (R) is incorrect.

181. Match the items of List – I with List – II and indicate the correct code of their matching relating to human resource management philosophy :

List – I List – II

- (a) Rational System Approach (i) F.W. Taylor
 (b) Experiments to improve productivity (ii) Max Weber
 (c) Social System Approach (iii) A.K. Rice
 (d) Functional organisation concept (iv) Hawthorne studies

Code :

- (a) (b) (c) (d)
 (1) (ii) (iv) (iii) (i).
 (2) (iii) (ii) (iv) (i)
 (3) (iv) (iii) (i) (ii)
 (4) (iii) (i) (ii) (iv)

182. Match the items of List – I with List – II ; and choose the correct code of combination :

List – I List – II

- (a) The Fundamentals of Top Management (i) Peter F. Drucker
 (b) Middle Management (ii) R.C. Davis
 (c) The Essence of Management (iii) E.L.F. Brech
 (d) Principles and Practice of Management (iv) Mary Caushing Nile:

- (a) (b) (c) (d)
 (1) (ii) (iv) (iii) (i).
 (2) (ii) (iv) (i) (iii)
 (3) (ii) (iii) (i) (iv)
 (4) (iii) (iv) (i) (ii)

182. Assertion (A) : Due to these experiments (Time, Motion and Fatigue Studies) a factory does not remain a factory, it is converted into a laboratory.

Reasoning (R) : Management succeeds or fails as human relations in business are intelligently or unintelligently handled.

Code :

- (1) Both (A) and (R) are correct and (R) is the right explanation of (A).
 (2) Both (A) and (R) are correct but (R) is not the right explanation of (A)
 (3) (A) is correct but (R) is not correct.
 (4) (R) is correct but (A) is not correct.

183. Who among the following is not associated with theories of motivation ?

- (1) A.H. Maslow (2) Cris Argyris-maturity theory
 (3) Frederick Herzberg (4) Peter F. Drucker.

184. As per the Herzberg's Hygiene Theory of motivation, which among the following is not a motivational factor ?

- (1) Recognition (2) Working Conditions.
 (3) Responsibility (4) Achievements

185. Which of the following factors is an example of a factor affecting national culture referred to by Brooks?

- A-Mistrust B-Individualism
 C-Sensitivity D-Values.

186. Which approach to the study of organizational behavior emphasizes the formal structure, hierarchy of management, the technical requirements and the assumption of rational behaviour?

- A-The systems approach
B-The contingency theory
C-The human relations approach
D-The classical approach

187. Which of the following best defines the term “span of control”?

- A-The vertical graduation of authority and responsibility
B-The length of the manager's arms
C-The number of subordinates who report directly to a given manager
D-The responsibility the supervisor has for the actions of their subordinates

188. A policy _____?

- A-Provides the basis for decision making and the course of action to follow to achieve objectives.
B-Is a set of managerial objectives
C-Both of the above
D-Neither of the above

189. Match the items of List II with the items of List I and indicate the code of correct matching.

List I List II

- (a) Organization Man (i) Maximising self interest.
(b) Self-actualizing Man (ii) Using capabilities to develop a sense of creating certain things.
(c) Complex Man (iii) Sacrificing individuality for the sake of group.
(d) Rational-Economic Man (iv) Understanding human needs may not be the final step in understanding human behaviour.

Code :

- | | (a) | (b) | (c) | (d) |
|-----|-------|------|-------|-------|
| (1) | (iv) | (i) | (iii) | (ii) |
| (2) | (iii) | (ii) | (iv) | (i) |
| (3) | (i) | (iv) | (ii) | (iii) |
| (4) | (ii) | (i) | (iv) | (iii) |

190. Who proposed the Balance Theory of attitude formation ?

- (1) Festinger (2) Fritz Heider
(3) Charles Osgood and Percy Tannenbaum (4) Rosenberg

Balance theory is a theory of attitude change, proposed by **Fritz Heider**. It conceptualizes the cognitive consistency motive as a drive toward psychological balance. The consistency motive is the urge to maintain one's values and beliefs over time.

190. Which one of the following is an element of motivation according to Vroom's Vector Valence theory?

- (1) Involvement (2) Equity
(3) Instrumentality (4) Existence

Vroom's expectancy theory explains motivation in terms of four main concepts: force, valence, expectancy, and instrumentality. Force refers to the compulsion of an individual to behave in a given way, valence the preference for consequent reward, expectancy the perceived likelihood that the behavior will result in the intended outcome and instrumentality the perception that the intended outcome will lead to the consequent reward. Force is seen as the sum of the products of multiple valences, instrumentalities and expectancies involved in a course of action. It is reasoned that the motivation to behave in a particular way is determined by an individual's expectation that behavior will lead to a particular outcome, multiplied by the preference or valence that person has for that outcome. This can be shown in the following mathematical equation:

$$\text{Motivation (M)} = \text{Instrumentality (I)} \times \text{Expectancy (E)} \times \text{Valence (V)}$$

191. Which one of the following is not a component of Bass' Theory of Transformational Leadership ?

- (1) Idealized influence (2) Inspirational motivation
(3) Intellectual stimulation (4) Team consideration

Bass defined transformational leadership in terms of how the leader affects followers, who are intended to trust, admire and respect the transformational leader.

He identified three ways in which leaders transform followers:

1. Increasing their awareness of task importance and value.
2. Getting them to focus first on team or organizational goals, rather than their own interests.
3. Activating their higher-order needs.

Charisma is seen as necessary, but not sufficient, for example in the way that charismatic movie stars may not make good leaders. Two key charismatic effects that transformational leaders achieve is to evoke strong emotions and to cause identification of the followers with the leader. This may be through stirring appeals. It may also may occur through quieter methods such as coaching and mentoring. Bass has recently noted that authentic **transformational leadership** is grounded in moral foundations that are based on four components:

- Idealized influence
- Inspirational motivation
- Intellectual stimulation
- Individualized consideration

192. Assertion (A) : Under stressful situations, a person is unable to listen to and understand the message correctly.

Reasoning (R) : During stressful situations, the psychological frame of mind changes and the message gets distorted due to the beliefs, experiences, goals and values held by the receiver of the message.

Code :

- (1) (A) and (R) both are correct and (R) is the correct explanation of (A).
(2) (A) and (R) both are correct but (R) is not the correct explanation of (A).
(3) (A) is correct whereas (R) is incorrect.
(4) (R) is correct whereas (A) is incorrect.

193. Match the items of List-II with the items of List-I and suggest the correct code :

List-I List-II

(Source of resistance) (Coping mechanisms)

- | | |
|---------------------------------------|--|
| (a) Perceived peripherality of change | (i) Role redefinition and re-orientation |
| (b) Fear of loss of power | (ii) Participation and involvement |
| (c) Fear of obsolescence | (iii) Participation in diagnosis |
| (d) Fear of imposition | (iv) Development of skills |

Code :

- (a) (b) (c) (d)
(1) (iv) (i) (iii) (ii)
(2) (ii) (i) (iv) (iii)
(3) (iii) (i) (iv) (ii)
(4) (i) (iii) (iv) (ii)

194. Match the items of List-II with the items of List-I and indicate the code of correct matching.

List-I List-II

(Model of Organizational Behaviour) (Employee Orientation)

- | | |
|----------------|----------------------------|
| (a) Autocratic | (i) Responsible behaviour |
| (b) Custodial | (ii) Security and benefits |
| (c) Supportive | (iii) Job performance |

(d) Collegial

(iv) Obedience

Code :

(a) (b) (c) (d)

(1) (iv) (ii) (iii) (i)

(2) (iv) (iii) (i) (ii)

(3) (i) (iv) (iii) (ii)

(4) (iv) (i) (ii) (iii)

195. Match the items of List II with List I and select the correct code:

List I List II

(a) Mission

(i) Aspiration expressed as strategic intent

(b) Vision

(ii) Activities needed to accomplish plan

(c) Objectives

(iii) Accomplishing results at certain time

(d) Programs

(iv) Reason for existence

Code :

(a) (b) (c) (d)

(1) (iv) (i) (iii) (ii)

(2) (ii) (iii) (i) (iv)

(3) (iii) (iv) (ii) (i)

(4) (iv) (iii) (i) (ii)

196. A common definition of Organisational Behaviour is that it is the study of:

A- Patterns of organisational structure

B- Group behaviour

C- Individual behavior

D- All of the above

197. Which of the following is not part of the basic framework for analyzing Organizational Behaviour issues?

a-The process of management

B-Organisational context

C-Gender and ethnic differences

D-Behaviour of people

198. The four main dimensions which influence behaviour in work organisations are:

A-Individual, organisation, group, gender

B-Individual, group, organisation, environment

C-Group, environment, organisation, gender

D-Environment, group, individual, gender

199. The main contribution of psychology to Organizational Behaviour is the study of:

A-Personality, attitudes, perceptions and motives

B-Social structures and relationships

C Social beliefs, customs and values

D-Philosophy and ethics of human activity

200. According to Morgan metaphors can be used to view an organization. These metaphors

A-Provide a broader view of the dynamics or organizational behaviour

B- All of the above

C-Define work as a central life issue

D-Are instruments of domination

201. Which of the following is not an influence on behaviour in work organizations?

A-The environment

B-The individual

C-The group

D-The building

202. The psychological contract is:

A-The match between individual and organizational expectations

- B- The changing relationship between staff and manager
- C-The basis for performance management
- D-A set of moral and ethical codes for employee behaviour

203. The "Peter Principle" states that, in a hierarchy every employee:

- A-Tends to rise to their natural level of competence
- B-Tends to rise to their natural level of incompetence**
- C-Tends to challenge the views of their senior managers
- D-Tends to seek promotion

204. Which of the following is a major feature of "Parkinson's Law"?

- A-Officials make work for each other
- B-The contingency theory
- C-Work expands so as to fill the time available for its completion**
- D-A continual process of balancing

205. Cloke and Goldsmith refer to the age of traditional management coming to an end. This is seen in the

- A-Divine of hierarchical, bureaucratic, autocratic management**
- B-Increase in hierarchical, bureaucratic, autocratic management styles
- C-Increasingly international or global business environment
- D-None of the above

206. Which of the following factors are cited as potential explanatory factors underlying the trend towards globalization?

- A-International business activities such as franchising
- B-International competitive pressure
- C-The spread of business processes across nations and regions
- D-All of the above**

207. Which of the following is not an advantage of cross-cultural awareness?

- A-Increased self awareness
- B-Lessening ignorance, prejudice and hatred
- C-Miscommunication**
- D-Sensitivity to difference

208. Which of the following factors is an example of a factor affecting national culture referred to by Brooks?

- A-Mistrust
- B-Individualism
- C-Sensitivity
- D-Values**

209. Which of the following is not one of the series of "languages" conceptualized by Hall?

- A-Language of group**
- B-Languages of things
- C-Language of agreements
- D-Language of friendships

210. What is the premise relating to organizational behaviour put forward by Wood as part of the Financial Times Mastering Management series?

- A-Organisational behaviour can be regarded as the key to the whole area of management.**
- B-There is a need for a cross cultural approach to the study of organisational behaviour.
- C-There is a dramatic change taking place in the philosophy underlying organisational behaviour.
- D-None of the above.

211. The study of management theory is important for which of the following reasons:

- A-It is scientific
- B-Management theories are interpretive and evolve with organisational changes**
- C-It helps decision making

D-All of the above

212. Which approach to the study of organizational behavior emphasizes the formal structure, hierarchy of management, the technical requirements and the assumption of rational behavior?

A-The systems approach

B-The contingency theory

C-The human relations approach

D-The classical approach

213. Which of the following are sub-groupings of the classical approach?

A-Individual and bureaucracy

B-Scientific management and bureaucracy

C-Scientific management and gender management

D-Environment and individual

214. Which of the following is not a feature of a bureaucracy?

A-Generalism

B-Hierarchy of authority

C-Impersonality

D-Specialisation

215. Which of the following is an example of the Hawthorne experiments?

A-The relay assembly test room

B-The bank wiring observation room

C-The interview programme

D-The illumination experiments

E. All of the above

216. The systems approach _____?

A-Encourages managers to view the organisation both as a whole and as part of a larger environment

B-Emphasises the psychological and social aspects

C-Emphasises the technical requirements of the organisation and its needs

D-All of the above

217. Which of the following is not a principle of action theory?

A-Individual members will each have their own goals and interpretation of their work situation

B-Actions can lead to changes in meanings

C-Sociology is concerned not just with behaviour but with meaningful action

D-None of the above

218. Which of the following is an advantage of dividing the writers on organizational management into various approaches?

A-The use of the term "schools" provides a clear distinction between each division

B-The various approaches are completely unrelated

C-It enables the manager to take from the different approaches those ideas which best suit the requirements of the job

220. What is the major criticism of the attempt to define generalized models of management theory?

A-The categorization of writers is arbitrary

B-They provide universalistic principles of behaviour.

C-The structure of management is dependent on situational variables

D-The assumption of national culture

221. What does Crainer suggest happens when one idea after another fails to translate into sustainable practice?

A-Ideas become as important to management decisions as is instinct

B-There is a growing disillusionment with the pedlars of managerial wisdom

C-Corporate managers continue to trust theory

D-Nothing

222. Types of groups consists

- A. Primary Group
- B. Informal Group
- C. Formal Group
- D. All of these

223: The characteristics of contingency theory includes

- A. Wide theory
- B. Co-ordination with external environment
- C. Emphasis on situation
- D. All of the above

224: Which statement is/are true?

- A. There are some genetic factors which play a part in determining certain aspects of what we tend to become. Whether we are tall or short, experience good health or ill health, are quickly irritable or patient, are all characteristics which can, in many cases, be traced to heredity.
- B. Individualism collectivism dimension reflects the relationship between the individual and the group of which he or she is a member.
- C. The theory X manager, as McGregor refers to him, believes that human beings are inherently lazy, dislike and shirk work, need to be coerced and closely supervised and punished if they do not perform their tasks.
- D. All of the above.

225: Which of the following is/are limitation of MBO?

- A. Pressure-oriented and time consuming technique
- B. Lack of co-operative spirit
- C. Possibility of reciprocal conflicts
- D. All of the above

226: A project organisation is a

- A. Temporary arrangement
- B. Task
- C. Cost
- D. Permanent arrangement

227. Which of the following is not one of Drucker's seven tasks for managers?

- A. Manage by objectives
- B. Take strategic decisions
- C. Take operational decisions
- D. Build integrated teams

228: A development model of personality described by Erikson is useful in

- A. Understanding the behaviours exhibited by organisational members
- B. Evaluating the cost of co-ordination
- C. Understanding the cost of organisation
- D. All of the above

229: _____ is basically a process of mutual goal-setting between the individual and his supervisor.

- A. Management by Objectives
- B. Management by Exceptions
- C. Management
- D. Planning

230: When Vinod Bhardwaj realized he would face a possible demotion when the Phoenix Organization began its change process, he became resistant to the idea of change. It can be stated his resistance was most probably attributable to fear of _____.

- A. uncertainty
- B. inadequate work skills
- C. insecurity
- D. loss of power

231. When a change agent's job entails interviewing all parties about the relations among people, including interpersonal stumbling blocks and problems, this technique to promote change is known as _____.

- A. facilitation and support
 B. team-building techniques
 C. process consultation
 D. manipulation and co-optation

232. A study of the culture and practises in different societies is called

- a) Personality
 b) Anthropology
 c) Perception
 d) Attitudes

233. _____ is known as "the father of scientific management."

- a) Fredrick W. Taylor
 b) Henry Fayol
 c) Robert Owen
 d) None of these

234. _____ a young Welsh factory owner was one of the first to emphasise the human needs of employees: He refused to employ young children

- a) Andrew Ure
 b) J.N. Tata
 c) Robert Owen
 d) None of these

Answer: c

235. _____ embodies a team concept, is based on the principle of mutual contribution by employer and employees

- a) Autocratic model
 b) Custodial model
 c) Supportive Model
 d) Collegial Model

236. Contribution/s of human relations movement is/are

- a) Great Depression
 b) Labour Movement
 c) Hawthorne Studies
 d) All of these

237. Edward Tolman is related to

- a) Behaviourist Framework
 b) Cognitive approach
 c) Social Cognitive Framework
 d) None of these

238. Forces affecting organisational behaviour are

- a) People
 b) Environment
 c) Technology
 d) All of the above

239. Hawthorne Studies is related to which stage of the organisational behaviour evolution

- a) Industrial revolution
 b) Scientific management
 c) Organisational behavior
 d) Human relations movement

240. In present context, challenges for OB are

- a) Employee expectation
 b) Workforce diversity
 c) Globalization
 d) All of the above

241. Meso organisation behaviour is related with

- a) Individual behavior
 b) Group behaviour
 c) Organisational behavior
 d) None of these

242. "Leadership motivates the people to work and not the power of money", this concept is related to

- a) Autocratic model
 b) Custodial model
 c) Supportive Model
 d) Collegial Model

243. Organisational behaviour is a field of study backed by a body of associated with growing concern for people at workplace
 a) Theory
 c) Application
 b) Research
 d) All of the above
244. Organisational behaviour is
 a) A science
 c) A science as well as an art
 b) An art
 d) None of the above
245. The field of organisational behaviour examines such questions as the nature of leadership, executive team development, and
 a) Interpersonal conflict resolution; motivation of individuals
 b) Organisational control; conflict management
 c) Motivation of individuals; planning
 d) Planning; development
246. The term 'psychology' is derived from the word 'psyche', which means 'soul' or 'spirit'
 a) Latin
 c) Greek
 b) French
 d) None of these
247. The field of organisational behaviour is primarily concerned with
 a) The behaviour of individual and groups.
 b) How resources are executively managed.
 c) Control processes and interactions between organisations, external context.
 d) Both a and c.
248. The study of organisation behaviour has certain basic assumptions. They are
 a) An industrial enterprise is an organisation of people.
 b) These people must be motivated to work executively.
 c) The goals of the employee and the employer may not necessarily coincide.
 d) All of the above.
249. Which of the following represents correct sequencing of historical developments of Organisational Behaviour?
 a) Industrial revolution → Scientific management → Human relations movement → OB
 b) Industrial revolution → Human relations movement → Scientific management → OB
 c) Scientific management → Human relations movement → Industrial revolution → OB
 d) None of these.
250. Which of the following frameworks is used in the development of the overall model of OB?
 a) The cognitive framework
 c) The social learning framework
 b) The behaviouristic framework
 d) All of the above
251. Which of the following frameworks is based on the expectancy, demand and incentive concepts
 a) The cognitive framework
 c) The social learning framework
 b) The behaviouristic framework
 d) The supportive framework
252. Which of the following forms the basis for the autocratic model of OB
 a) Obedience
 c) Power
 b) Authority
 d) Dependence on boss
253. "Might is right" is the motto of
 a) Autocratic Model
 b) Custodial Model

c) Supportive Mode

d) Collegial Model

254. Which one of the following is the definition given by Fred Luthans

- a) "Organisational behaviour is to understand, predicting and controlling human behaviour at work"
- b) "Organisational behaviour is subset of management activities concerned to human behaviour"
- c) "Organisational behaviour is a branch of social sciences that seeks to build theories"
- d) "Organisational behaviour is a field of study that investigates the impact on behaviour"

255. Which of the following is not correct for the organisational behaviour?

- a) Organisational behaviour is an integral part of management
- b) Organisational behaviour is a disciplinary approach
- c) Organisational behaviour helps in analysis of behaviour
- d) "Organisational behaviour is goal-oriented"

256. The _____ is based on the environment. Though _____ like thinking, expectations and perception do exist, and they are not needed to manage or predict behaviour.

- a) Behaviouristic approach, Cognitive processes,
- b) cognitive processes, behaviouristic approach
- c) Social cognitive, behaviouristic approach
- d) Cognitive processes, social cognitive

257. OB is the study of _____ in the organisation

- a. Human
- b. Human Behaviour
- c. Employer
- d. Employees

258. Now a days a lot of stress is being put on the _____ of the employee in the organisation

- a. Character
- b. improvement
- c. Behaviour
- d. Rewards

259. OB focuses at 3 Levels

- a. Individuals, Organisation, Society
- b. Society, Organisation, Nation
- c. Employee, Employer, Management
- d. Individual, Groups, Organisation.

260. Scope of OB does not include

- a. Leadership
- b. Perception
- c. Job Design
- d. Technology

261. High rate of _____ increase cost and tend to place less experienced employee in job

- a. Training
- b. Absenteeism
- c. Employee Turnover
- d. Strikes

262. Job Satisfaction have _____ related to Absenteeism and Turnover

- a. Positively
- b. Negatively
- c. directly
- d. Elastically

263. _____ advocated that humans are essentially motivated by levels of needs

- a. A. Maslow
- B. Follet
- c. Elton Mayo
- d. Ivon Pavlov

264. Scientist of OB recognize that organisations are not static but dynamic and _____

- a) Processing
- b) systematic
- c) ever changing
- d) researching

- 265) _____ and fringe benefits are no longer employees first priority
a) Wages b) bonus c) rewards d) promotions
- 266) A manager with good _____ can make the work place more pleasant
a) Communication b) knowledge c) experience d) Interpersonal Skills
- 267) _____ is called as father of scientific management
a) Elton Mayo b) Hendry Fayol c) F.W.Taylor d) Robert Owen
- 267) The book "The Psychology of management" was published by
a) William Gilbreth b) Hendry Fayol c) F.W.Taylor d) Robert Owen
- 268) _____ is recognized as father of "Human relations"
a) William Gilbreth b) Hendry Fayol c) F.W.Taylor d) Elton Mayo
- 269) The Hawthome experiment was conducted by
a) William Gilbreth b) Hendry Fayol c) F.W.Taylor d) Elton Mayo
- 269) The most significant management skills are
a) Technical, Human and Conceptual b) Technical, behavioural and Conceptual
c) Systematic, Human and Conceptual d) Technical, Human and cognitive
- 270) The 3 Theoretical Framework of OB are
a) Cognitive, Social and Technical b) Cognitive, Behaviouristic, Social
c) leadership, attribution, motivation d) attribution, Perception and motivation
- 271) _____ explains internal processes of choice among different behaviours
a) Equity Theory b) Expectancy theory
c) Goal attain theory d) Goal setting Theory
- 272) _____ explains how and why people react when they feel unfairly treated
a) Equity Theory b) Expectancy theory
c) Goal attain theory d) Goal setting Theory
- 273) _____ focuses on how to set goals for people to reach
a) Equity Theory b) Expectancy theory
c) Goal attain theory d) Goal setting Theory
- 274) Concerning organizational cultures,
a. a strong culture is a more productive environment
b. a weak culture is a more productive environment
c. the specific culture that contributes to positive effectiveness is well known
d. the stronger the culture, the more influential it is on employee behavior
- 275) Shared organizational values are
a. unconscious, affective desires or wants that guide society's behavior
b. influenced by international values
c. different for the various components of a diverse work force
d. a myth
- 276) Which of the following best explains why an employee behaves as s/he does?
a. The environment is the most important consideration in understanding individual employee behavior.

- b. Both the environment and individual differences are important considerations in understanding individual employee behavior.
- c. Neither the environment nor individual differences are important considerations in understanding individual employee behavior.
- d. Employee personality and attitudes are primarily dictated by the environment.

277) In order from lowest to highest, what are Maslow's five classes of needs?

- a. Social-esteem-physiological-safety-self-actualization
- b. Physiological-safety-social-self-actualization-esteem
- c. Physiological-safety-social-esteem-self-actualization
- d. Self-actualization-esteem-safety-social-physiological

278) A lack of clarity concerning what will happen is referred to as

- a. temporal
- b. predisposition
- c. uncertainty
- d. negation

279) Employees with relatively weak higher-order needs are _____ concerned with variety and autonomy.

- a. less
- b. more
- c. very
- d. extremely

280) Which of the following is a strategy of job design that increases job depth by meeting employees' needs for psychological growth?

- a. Job rotation
- b. Job enrichment
- c. Job enlargement
- d. Job engagement

281) What is the key word in understanding organization structure?

- a. Control
- b. Change
- c. Process
- d. Delegation

281) Organization structures

- a. affect group behavior more than individual behavior
- b. change rapidly to meet environmental and market changes
- c. contribute positively to organizational performance
- d. can be defined simply as activities that occur regularly

281) Groups created by managerial decision in order to accomplish stated goals of the organization are called

- a. formal groups
- b. informal groups
- c. task groups
- d. interest groups

282) Continued membership in a group will usually require

- a. supporting the group leader
- b. conforming to group norms
- c. encouraging cohesiveness in the group
- d. developing a status system

283) The definition of communication implies that

- a. communication is mostly verbal
- b. communication is mostly written
- c. most communication is in a vertical direction
- d. understanding must occur to have communication

284) The least used communication channel in an organization is usually

- a. upward
- b. downward
- c. diagonal
- d. Horizontal

285) _____ means the mental action or process of acquiring knowledge and understanding through thought, experience, and the senses.

- a) Learning
c) Cognition
- b) development
d) Training

286) _____ framework is based o the concept of Expectancy, demand and Intention of the human being.

- a) Behaviouristic
c) Cognitive

287) According to Edward Tolman, _____ consists of the expectancy that a particular event will lead to a particular consequence.

- a) eventual
c) Learning
b) Behaviour
d) Attitude

288) Every individual set his goal and he also know the _____ which will take him to achieve the goal.

- a) Process b) Behaviour
c) Event d) way

289) _____ insist that it is advisable and fruitful to study the behaviour of the human being which is visible than studying the mind which is elusive in nature.

- a) Ivan Pavlov and Jon B. Watson
b) Ivan Pavlov
c) Jon B. Watson Ivan Pavlov and A.Maslow
d) none of these

290) _____ is the force of action or motivation.

- a) Behaviour
- c) Perception
- b) Stimulus
- d) Attitude

291) Behavioural framework based on individual behaviour and environmental variables.

- a) Observable --- Non Observable
b) **Observable --- Observable**
c) Non Observable --- Observable
d) Non observable --- Non Observable

292) Human can project ____ behaviour for ____ stimulus and he exhibit a response depending on environmental consequences.

- a) different— different
b) same—same
c) same—different
d) different— same

293) As per _____ Behaviour is not the outcome of stimulus alone, but it is an outcome which also depends on contingent environmental consequences of a behaviour

- a) Behaviouristic Framework
c) Sinner Framework

294) The social cognitive theory states that the person and the external situations are _____ with each other along with the behaviour itself to determine the behaviour.

- a) related b) linked
c) interdependence d) combined

295) _____ states that along with cognitive and external situation the experiences faced through relevant past events determines what a person becomes and this will create an impact in subsequent behaviour.

- a) Behaviouristic Framework
c) Social Cognitive Framework

- 296) _____ developed social learning theory into the more comprehensive social cognitive theory (SCT).
 a) Bandura b) Luthans c) Sinner d) I Pavlo
- 297) ____ have translated this SCT into the theoretical framework for organizational behavior.
 a) Stajkovic and Luthans b) Stajkovic and Sinner
 c) Sinner and Luthans d) Stajkovic and Pavlo
- 298) People process visual experiences into cognitive models. They help in future action is
 a) Symbolizing b) Forethought
 c) Observational d) regulatory
- 299) Employees plan their actions is called as
 a) Symbolizing: b) Forethought
 c) Observational d) Self-regulatory
- 300) Employees learn by observing the performance of the referent group (peers, supervisors and high performers) and the consequences of their actions is referred as.
 a) Symbolizing: b) Forethought
 c) Observational d) Self-regulatory
- 301) Employees self regulate their actions by setting internal standards
 a) Self-reflective b) Forethought
 c) Observational d) Self regulatory
- 302) Employees reflect back on their actions (how did I do?) and perceptually determine how they believe then can successfully accomplish the task in the future given the context
 a) self- reflective b) Forethought
 c) Observational d) Self-regulatory
- 303) OB Helps to understand behaviour of human in _____.
 a) work place and Society b) work place only
 b) Society only d) Department only
- 304) OB does Not contributed to improve
 a) Motivation b) Efficiency
 c) interpersonal relations. d) Communication
- 305) Common uniform, canteen, oñce does not mean common treatment is limitation of
 a) Organizational Cultural b) Organizational Structure
 b) Organizational Behaviour d) Organisational Value
- 306) Due to emphasis on productivity & efficiency employee are not allowed work with harmony with one another is a limitation of
 a) Organizational Cultural b) Organizational Structure
 b) Organizational Behaviour d) Organisational Value
- 307) If modern day managers do not positively address and manage work force diversity of the following may become negative outcomes for an organisation except
 a) more difficult communication b) Increased creativity and innovation
 c) more interpersonal conflicts d) potential for higher employee turnover
- 308) The structure of an OB model includes 3 levels of analysis individual, group and organizational systems. Issues that influence all 3 levels in various ways and thus affect behavioural dynamics are

- a) change and stress
c) Power and politics

- b) Organisational culture and commitment
d) work design and technology

309) some of OB's challenges and opportunities include all of the following except

- a) reinforcing the importance of traditional methods of management
b) offering specific insights to improve interpersonal and people skills
c) helping us learnt to cope in a continues changing world
d) facilitating the improvement of quality and employee productivity

310) A program that asks managers to reconsider how work would be done and the organisation structured if they were starting to develop the company from the beginning is

- a) reengineering b) MBO c) TQM d) Diversity training

311) Which of the following is not a contributing discipline of OB

- a) Anthropology b) Psychology c) physiology d) sociology

312) _____ is a Study of individual Behaviour

- a) Anthropology b) Psychology c) political science d) sociology

313) _____ is a Study of Group Behaviour

- a) Anthropology b) Psychology c) physiology d) sociology

314) _____ is a Study of man, his work and Culture

- a) Anthropology b) Psychology c) Social psychology d) sociology

315) _____ focuses on the influence of people on one another

- a) Anthropology b) Psychology c) Social psychology d) sociology

316) The job satisfaction of an employee is depend on the

- a) behaviour b) attitude
c) personality d) employer

317) Success of each organization is depending upon the performance of

- a) employer b) management
c) vendor d) employee

318) A satisfied employee will be a

- a) motivator to others b) manager c) High performer d) Team Leader

319) _____ is not a capability of an employee having Positive attitude

- a) Focus b) creativity c) Pessimism d) Confidence

320) Which one is not a beneOt to employee which results through positive attitude of an employee

- a) Promotion b) Less stress c) Job security d) enjoying life

321) Belief, opinion, knowledge, emotions feelings intention are the components of

- a) OB b) Job satisfaction c) Attitude d) Personality

322) Components of Attitude can majorly be segregated in to _____ types

- a) 7 b) 4 c) 3 d) 6

323) The attitude based on Beliefs, opinion, Knowledge, or information about the particular event which the employee possesses is under _____ component of Attitude.

- a) Behavioral b) Cognitive c) Affective d) Positive

324) The attitude based on the concept that “every individual will have an Intention to react in a certain way toward something is “ under _____ component of Attitude.

- a) Behavioral b) Cognitive c) Affective d) Positive

325) The attitude based on Feelings, sentiments and emotions of any person is under _____ component of Attitude.

- a) Behavioral b) Cognitive c) Affective d) Positive

PRACTICE SETS'

1. scope of organization behavior includes

- a. interpersonal communication b. attitude development and perception
c. work stress d. all of the above

2. models of organizational behavior consists of

- a. management oriented b. employee oriented
c. employee psychological results d. all of the above

3. which statement is true

- a. goals serve as the starting point for organizing company activity
b. organisational behavior is concerned with the study of the behavior and attitudes of man in organizational settings
c. organisational behavior can be regarded systematic attempt to understand the behavior of people in organizations of which they are an integral part
d. all of the above

4. which of the following is not the classical theorist?

- a. winslow taylor b. fayol, crulik and urwick
c. Elton mayo d. max weber

5. which one of the following is not the contribution of taylor in classical theory

- a. delegation authority b. productivity
c. organisational function d. motivation

6. which of the following statements are true?

- a. administration is a much wider term than management
b. administration encompasses all activities of making policies, setting goals and objectives, assigning job responsibilities etc
c. management is concerned with those operations leading and organization towards achieving goals as set up by administration
d. all of the above.

7. why is the classical theory of organization known as mechanistic theory?

- a. because it has formal declared pattern of relationship established by law
b. because it does not explain the dynamics of orgainsational behaviors
c. because it underestimated human factor and oversimplified human motivation
d. because it treats organization as a closed system unconcerned with and uninfluenced by its external environment

8. which one of the following is not the principle of Taylor's scientific theory?

- a. harmony and not discord
c. functional foremanship
- b. differential piece rate system
d. remuneration of personal
9. non-classical theory of organization is characterized by
a. decentralization
c. human oriented management
- b. non-formal orgainsational
d. all of the above
10. which of these are the elements of bureaucracy?
a. impersonal relationships
c. administrative class
- b. records, rules and regulations
d. all of the above
11. which of the following are the features of non-classical theory?
a. flat structure with wide span of control
c. informal organization
- b. decentralized management
d. all of the above
12. in the implications of the Hawthorne studies, which of the following reasons are given by the workers?
a. small group
c. incentive
- b. type of supervision
d. all of these
13. which of the following statements are true about human relations theory of organization?
a. it rejects formal institutionalization
b. it considers the informal structure more effective
c. it assumes organisational behavior is a complex phenomenon
d. all of the above
14. which of the following pairs of the administrative thinkers have described the scientific management as the 'Physiological Organization Theory'?
a. simon and argyrs
c. march and Bernard
- b. simon and likert
d. march and simon
15. modern theory of organization includes
a. the genetic societal system involving the level of a cell society, characterized by a division of labour among cells
b. the open system characterized by the ability of rejuvenation, growth and reproduction
c. the simple dynamic system involving the level of a clock having predetermined motions
d. all of the above
16. which one is the outcome of the modern management theory?
a. there should be links between sub-systems in an organization
b. these sub-systems are interdependent
c. a system is made up of certain strategic elements
d. all of the above
17. Carzo and Yanaozas identifies three sub systems in an organization as a systems approach. Which one is not the sub-system?
a. technical sub-system
c. social sub system
- b. economic sub-system
d. power sub system
18. the traditional theory of motivation is the theory of
a. path goal
c. motivation hygiene
- b. participation
d. fear and punishment
19. equity theory of motivation is the product of

- a. JS Adams
- c. Edwin Locks

- b. R De Charms
- d. Skinner

20. Which level of Maslow's hierarchy of needs deal with satisfying one's hunger, thirst and need for sex?

- a. psychological
- c. security

- b. physiological
- d. social

21. in Vroom's expectancy theory, which of the following statement is true?

- a. valency can be positive or negative
- c. valency can have value zero

- b. expectancy can be zero or one
- d. all of the above

22. the 'Continuum of Leadership' styles is the concept of

- a. Tonnenhaum
- c. Kurt lewin

- b. Blake
- d. W Reddin

23. the central principle which derives from McGregors Theory Y is

- a. direction and control
- c. scalar principle

- b. coordination
- d. integration

24. who has distinguished between leadership of position, leadership of personality and leadership of function?

- a. Bernard
- c. Mooney

- b. Millet
- d. Follet

25. which of these are the consequences of inequity as per Adam's Equity theory?

- a. The person can alter inputs that is people who feel they are underpaid for their efforts may tend to reduce their efforts and people who feel they are overpaid might want to increase their effort.
- b. the person can cognitively distort input or outcomes
- c. the person might quit the job
- d. all of the above

26. Murray's Manifest Need theory is the theory of

- a. motivation
- c. personality

- b. leadership
- d. al of these

27. which statement is true?

- a. leadership is that aspect of the managerial role which integrates individual efforts and organisational objectives
- b. management involves coordinating resources in an organization
- c. leadership is influenced by situation
- d. all of the above

28. which of the following statements are true?

- a. according to theory X, managers are inherently lazy, dislike and shirk work, need close supervision and punishment.
- b. individual collectivism reflects the relationship between the individual and the group of which he or she is a member.
- c. masculinity, feminist portrays a culture groups dominant value system
- d. all of the above

29. according to J Kelly, determinants of personality are

- a. heredity
- c. childhood experiences

- b. physique
- d. all of these

30. which of the following statement is false?

- a. people with internal locus of control are masters of their own fate and ready to take challenges.
- b. people with external locus of control remain inactive and are willing to follow orders and do routine jobs.
- c. people with internal locus are successful managers
- d. people with external locus takes initiative for achievement

31. which of the following statements are true?

- a. type A personalities are workaholic by nature
- b. type A people lack interpersonal skills
- c. type A people are aggressive and dominant
- d. all of the above

32. which of the following statements are true about type B personality as proposed by Meyer Friedman and Roseman?

- a. these people are cool and composed
- b. they love to enjoy life and relaxation
- c. their behavior is unpredictable
- d. all of the above

33. which of the following statement is true?

- a. the difference between punishment and negative reinforcement is that in the former case, a noxious consequence is applied to decrease the frequency or strength of an undesired behavior, whereas in the latter, a noxious consequence is withheld when a desired behavior is exhibited.
- b. punishment can have undesirable side effects if administered too frequently.
- c. negative reinforcement increases the frequency and strength of a desired behavior by making it contingent upon the avoidance of undesirable consequences for the employee.
- d. all of the above

34. power can be acquired on the basis of

- a. reward power
- b. coerciveness
- c. legitimacy
- d. all of these

35. which one is not the feature of the stimulus inputs?

- a. repetition
- b. cost
- c. intensity
- d. size

36. which statements are true?

- a. the arbitrary setting of goals without taking the environment into consideration is dangerous to an organization
- b. organization can be viewed as a structure of status, power, rules and employees
- c. groups are relatively small units and can be differentiated on the basis of statuses and objectives
- d. all of the above

37. which is the stage of perceptual process?

- a. the observation phase depicts the environmental stimuli being absorbed by the five senses of the perceiver.
- b. the selection of the stimuli for the further consideration is governed both by factors external to the individual such as the personality predisposition and motivation of the perceiver
- c. in the organizing, the perceiver is influenced by figure and ground grouping and several perceptual errors such as stereotyping halo effect projection and perceptual defense.
- d. all of the above

38. perceptual skills can be improved by way of
a. knowing and perceiving objects on self correctly
b. being empathic
c. enhancing ones self-concept
d. all of the above
39. the Greatman theory of leadership led to the rise of
a. the behavioral theory of leadership
b. the trait theory
c. the situational theory
d. none of the above
40. Allport has identified six common traits which are used to compare people. Which one is not his common trait?
a. religious
b. political
c. theoretical
d. emotional
41. according to Cattell's Trait theory, Cattell identified how many surface traits and source traits respectively?
a. 35, 12
b. 12, 35
c. 6, 12
d. 12, 6
42. which of the following is the ways of organizing stimuli in perception process?
a. grouping
b. closure
c. simplification
d. all of these
43. 'Figure-Ground' principle is used to
a. select stimuli
b. organize stimuli
c. interpret stimuli
d. analyses stimuli
44. which of the following is not the external factor responsible for selecting a stimulus?
a. size
b. motion
c. contrast
d. perceptual defense
45. which of the following is fundamental attribution errors?
a. self-serving bias
b. impression
c. inference
d. all of these
46. which one is not the personality measurement technique?
a. projective technique
b. figure-ground principle
c. ink blot test
d. thematic appreciation test
47. which of the following are attitude measurement techniques?
a. Linkerst scale
b. error-choice method
c. thurstone scale
d. all of these
48. which one of the following is not an element of learning process?
a. drive
b. cue stimuli
c. reinforcement
d. behavior
49. operant conditioning theory of learning establishes which type of association between stimulus and response?
a. S→R
b. R→S
c. S→S
d. none of these

50. the extent to which group members are attracted to each other and want to retain group membership is known as

- a. compatibility
b. group norms
c. cohesiveness
d. unionization

ANSWER KEYS

1=D	2=D	3=D	4=C	5=A	6=D	7=B	8=D	9=D	10=D
11=D	12=D	13=D	14=D	15=D	16=D	17=B	18=D	19=A	20=B
21=D	22=A	23=D	24=D	25=D	26=A	27=D	28=D	29=D	30=D
31=D	32=D	33=D	34=D	35=B	36=D	37=D	38=D	39=B	40=A
41=A	42=D	43=A	44=D	45=D	46=B	47=D	48=D	49=B	50=C

PREVIOUS YEAR QUESTIONS

1. which among the following is not a broader classification of motivation?

- a. positive motivation
b. monetary motivation
c. negative motivation
d. unitary motivation

2. match list I with the list II and choose the correct answer:

List-I	List-II
a. sensation-thinking personality	1. fit for human resource development job
b. intuition-thinking personality	2. fit for production and management position
c. sensation-feeling personality	3. fit for research and development position
d. intuition feeling personality	4. fit for science and technology field

Codes

	A	B	C	D
a.	2	4	3	1
b.	4	3	2	1
c.	2	3	4	1
d.	2	3	1	4

3. choose the correct code for the following statements being or incorrect.

Assertion Attitude develops over a period of time.

Reason Attitudes are specific whereas values form a broader and more encompassing concept.

Codes:

- a. statements I is correct but statement II is incorrect
b. statements II is correct but statement I is incorrect
c. both statements are correct
d. both statements are incorrect

4. Assertion In the 21st century, we are going to need a new generation of leaders not managers

Reason Leadership is about developing a vision of the future rather than just aligning people by communication this vision and inspiring them to overcome hurdles.

Codes

- a. both A and R are correct and R is the correct explanation of A
b. both A and R are correct but R is not the correct explanation of A
c. A is correct but R is incorrect
d. both A and R are incorrect

5. who proposed the Balance theory of attitude formation?

- a. Festinger
b. Fritz Heider
c. Charles Osgood & Percy Tannenbaum
d. Rosenberg

6. which one of the following is an element of motivation according to Vroom's vector valence theory?

- a. Involvement
b. equity
c. instrumentality
d. existence

7. Assertion Under stressful situation, a person is unable to listen to and understand the message correctly.

Reason During stressful situations, the psychological frame of mind changes and the message gets distorted due to the beliefs, experience, goals and values held by the receiver of the message.

Codes

- a. both A and R are correct and R is the correct explanation of A
b. both A and R are correct but R is not the correct explanation of A
c. A is correct whereas R is incorrect
d. R is correct whereas A is incorrect

8. Match the items of List II with the items of list I and suggest the correct code

List-I	List-II
a. perceived peripherally of change	1. Role redefinition and re-orientation
b. fear of loss of power	2. participation and involvement
c. fear of obsolescence	3. participation of diagnosis
d. fear of imposition	4. development of skills

Codes

	A	B	C	D
a.	4	1	3	2
b.	2	1	4	3
c.	3	1	4	2
d.	1	3	4	2

9. Match the items of list II with the items of List I and indicate the code of correct matching

List-I	List-II
a. autocratic	1. responsible behavior
b. custodial	2. security and benefits
c. supportive	3. job performance
d. collegial	4. obedience

Codes

	A	B	C	D
a.	4	2	3	1
b.	4	3	1	2
c.	1	4	3	2
d.	4	1	2	3

10. Match the following list and select the correct code

List-I	List-II
a. FW Taylor	1. Fair days' pay for fair day's work
b. Henry L Gantt	2. Motion study
c. Frank and Lillian Gilberth	3. Graphic scheduling for planning and controlling of work.
d. Max Weber	4. Bureaucratic organization

Codes

	A	B	C	D
a.	1	2	3	4
b.	1	3	2	4
c.	4	3	2	1
d.	4	1	2	3

11. The achievement of goal with the least amount of resources is
 a. effectiveness b. efficiency c. productivity d. both a and b

12. Which one of the following is the fundamental rethinking and radical redesign of business processes to achieve improvements in performance?
 a. reengineering b. reorganizing c. revisiting d. rescheduling

13. Match the following

List-I	List-II
a. motivating through rewards and penalties	1. charismatic leadership
b. changing organization by creating and communicating a vision	2. situational leadership
c. influencing by dint of personality and charm	3. transactional leadership
d. modifying style with respect to readiness of followers	4. transformational leadership

Codes

	A	B	C	D
a.	3	1	2	4
b.	3	4	1	2
c.	3	4	2	1
d.	4	3	2	1

14. Which one of the following is not a 'hygiene factor' of Herzberg's two factor theory?
 a. interpersonal relations b. working conditions
 c. responsibility d. job security

15. According to Henry Fayol, which one of the following combinations of qualities are required in a manager?

- a. Physical, mental, experience, educational and conceptual
- b. Technical, human, conceptual, mental and moral
- c. Physical, mental, moral, educational, technical and experiences
- d. Mental, moral, conceptual, educational, technical and experience

16. Neo-classical organisational theory emphasizes on which of the following?

- a. flat structure of organization b. tall structure of organization
- c. co-ordination by hierarchy d. unity of command

17. According to Graicuna's formula of span of management, if a superior has three subordinates, what number of cross relationships would be

- a. three b. six c. nine d. eighteen

18. In Reddin's 'Tridimensional Grid', which one of the following is a less effective style of leadership?

- a. Developer b. Missionary c. Executive d. Bureaucrat

19. Assertion (A) Attribution theory is based on relationship between personal perception and interpersonal behavior.

Reason (R) Since most 'whys' are not directly observable, people must depend upon cognitions, particularly perception.

Codes:

- a. (A) is true but (R) is false
- b. (A) is false but (R) is true
- c. Both A and R are true but R does not explain (A)
- d. Both (A) and (R) are true and (R) explains (A)

20. Which process is used by a person (perceiver) to deal with conflicting messages and conflicting data?

- a. Halo effect
- b. The process of checking
- c. Perceptual defiance
- d. The process of reacting

21. Assertion (A) The physiological needs are essential for living but they are determined by social environment.

Reason (R) These needs may be motivators in backward countries but in a developed country, these needs are supposed to be satisfied, hence, they may not be considered motivators.

Codes:

- a. both A and R are correct, but R is not the correct explanation of (A).
- b. Both A and R are correct and R is the correct explanation of A.
- c. A is correct whereas R is incorrect.
- d. R is correct whereas A is incorrect.

22. The Basis emphasis of _____ theory of organisational design is on flat structure, decentralization and provision of informal organization.

- a. non classical theory
- b. modern theory of systems approach
- c. matrix organisational theory
- d. classical theory

23. The result variables as the component of mathematical model for measuring system's effectiveness and efficiency in management science include _____

- a. measure of performance
- b. measure of effectiveness
- c. payoffs and outcomes
- d. all of the above

24. Assertion (A) Reinforcement plays a central role in the learning process.

Reason (R) Reinforcement strengthens the response preceding it and includes repetitions of the response.

- a. Both A and R are correct
- b. A is correct and R is the correct explanation of A
- c. A is correct but R is incorrect
- d. both A and R are incorrect

25. Match the below mentioned aspects with their main behavioral disciplines

LIST-I	LIST-II
a. leadership and stress management	1. Psychology
B. group conflict management	2. anthropology
c. cross- cultural analysis	3. sociology and psychology
d. power	4. political science

Codes

- | | | | | |
|----|---|---|---|---|
| | A | B | C | D |
| a. | 4 | 1 | 2 | 3 |
| b. | 2 | 3 | 1 | 4 |
| c. | 1 | 4 | 2 | 3 |
| d. | 4 | 2 | 3 | 1 |

26. The operant conditioning or learning approach to behavior is based on
 a. law of reinforcement b. law of effect
 c. law of reproduction d. law of expectations
27. The principles by which the process of perceptual organization works was first identified by Max Werthermer in the year.
 a. 1981 b. 1933
 c. 1924 d. 1923
28. The _____ leadership theory of _____ describes that effective group performance depends on the proper between the leaders style, if interacting with his subordinates and the degree to which the situation gives control and influence to the leader.
 a. Iowa state leadership studies, Ronald Lippitt and Ralph K white
 b. Managerial Grid, Blake and Mouton
 c. Trait Theory, Stodgil and Bernard
 d. contingency model, Fred fiedler
29. when one individual or group wins at the expense of another individual or group, it is termed as.
 a. zero-sum conflict b. non-zero sum conflict
 c. line staff conflict d. formal informal conflict
30. an individual involvement with, satisfaction and enthusiasm for the work he does is known as
 a. employee engagement b. job involvement
 c. job satisfaction d. organisational commitment
31. which of the following is not perceived as the basic element of motivation?
 a. direction b. intensity
 c. performance d. persistence
32. A theory of motivation that is concerned with the beneficial effect if intrinsic motivation and the harmful effects of extrinsic motivation is termed as
 a. cognitive evaluation theory b. self-efficiency theory
 c. self-determination theory d. two factor theory

33. match the items of list-I with those of list-II and suggest the correct code

LIST-I	LIST-II
A. Anthropology	1. Attitude change
b. psychology	2. attitude measurement
c. social psychology	3. conflict
d. sociology	4. orgainsational culture

Codes

	A	B	C	D
a.	1	2	3	4
b.	4	2	1	3
c.	4	2	3	1
d.	2	4	3	1

34. a relatively stable set of features that influence an individual's behavior is known as
 a. attitude b, learning
 c. perception d. personality
35. List I consists of motivation theories and list II consists of the motivation theorists. You have to match them and indicate the correct match as per code

List-I	List-II
a. two factor theory	1. David McClelland
b. ERG theory	2. Fredrick Herzberg
c. Theory X and theory Y	3. Douglas McGregor
d. Need Theory	4. Clayton Alderfer

Codes

	A	B	C	D
a.	2	4	3	1
b.	1	2	3	4
c.	1	4	2	3
d.	4	3	2	1

36. The conflict over content and goals of the work is called

- a. functional conflict b. process conflict
c. relationship conflict d. task conflict

37. _____ theory of motivation ignores the inner state of the individual and concentrates solely on what happens when he or she takes some action.

- a. equity b. expectancy
c. goal setting d. reinforcement

38. In the Big-five personality factors widely accepted personality traits are mentioned. The trait of being dependable, organized, conforming and persevering on tasks is called

- a. extroversion b. conscientiousness
c. agreeableness d. emotional stability

39. Given below are four statements. Some of the statements are incorrect. You have to choose the correct one.

- a. a satisfied employee is a motivated employee
b. employee who are happy being around are good contributors to the organization.
c. motivated employee do not need engagement
d. customer loyalty has been found to be positively correlated with employee engagement.

40. Which of the following is a correct?

a. McClelland	1. ERG theory
b. Skinner	2. Reinforcement theory
c. Vroom	3. Equity theory
d. Locke	4. Expectancy theory

ANSWER KEYS'

1=D	2=C	3=C	4=A	5=B	6=C	7=A	8=C	9=A	10=B
11=A	12=A	13=B	14=C	15=C	16=A	17=B	18=B	19=D	20=C
21=B	22=A	23=D	24=B	25=B	26=B	27=D	28=D	29=A	30=D
31=A	32=C	33=B	34=D	35=A	36=D	37=D	38=B	39=D	40=B

UNIT-5

Human Resource Management

1. Which of the following demographic issues represents a challenge for human resource managers?

- (A) Increasingly diverse workforce
(B) Aging workforce
(C) Increasing use of contingent workers
(D) both a and b

2. The proportion of women in the workforce is projected to ____.

- (A) Increase significantly over the coming decade
(B) Decrease as more women decide to stay home with children
(C) Stop growing
(D) Increase at a decreasing rate

3. What tactic will employers likely have to take to fill openings left by retiring employees?

- (A) Instituting flexible work hours
(B) Providing elder care
(C) Hiring more women
(D) Rehiring retirees

4. A ____ is a company's plan for how it will balance its internal strengths and weaknesses with external opportunities and threats in order to maintain a competitive advantage.

- (A) SWOT analysis
(B) Mission statement
(C) Strategy
(D) Tactic

5. The performance of human resource departments is evaluated based on ____.

- (A) Measurable evidence of efficiency
(B) Measurable evidence of effectiveness
(C) Anecdotal evidence
(D) Both a and b

6. The term ____ means contributing in a measurable way to achieving the company's strategic goals.

- (A) Competitive advantage
(B) Achievement success
(C) Value creation
(D) Success metric

7. Managers use a(n) ____ to measure the HR function's effectiveness and efficiency in producing employee behaviors the company needs to achieve its strategic goals.

- (A) metric
(B) HR Scorecard
(C) benchmark
(D) high performance work system

8. What term refers to the knowledge, education, training, skills, and expertise of a firm's workers?

- (A) Human resources
(B) Human capital
(C) Intangible assets
(D) Knowledge assets

9. What metric evaluates retention efforts by an organization?

- (A) Turnover costs (B) Turnover rate
(C) Cost per hire (D) Both a and b

10. Firms can use the ____ as a benchmark for the cost per hire metric.

- (A) Government employment report
(B) Cost Per Hire Staffing Metrics Survey
(C) Employer Costs for Employee Compensation Report
(D) Government Job Turnover Report

11. Which of these activities are not included in the scope of human resource management?

- (A) Job analysis and design (B) Motivation and communication
(C) Safety and health (D) Organizational structure and design

12. Which of these is a HR Model?

- (A) The Guest Model (B) Open - System Theory
(C) Mc Gregor's theory X and theory Y (D) None of the above

13. Which of the following tasks related to recruiting and hiring is not typically handled by HR staff?

- (A) Specify necessary job qualifications (B) Develop pool of qualified applicants
(C) Conduct initial screening interviews (D) Administer tests e. explain benefits packages

14. The expertise of human resource departments became indispensable with the ____.

- (A) introduction of employment laws (B) passing of equal employment laws
(C) increase of women in the workforce (D) both (A) and (B)

15. ____ refers to the tendency of firms to extend their sales, ownership, and/or manufacturing to new markets abroad.

- (A) Expansion (B) Market development
(C) Globalization (D) Export growth

16. Most people who are classified as nontraditional workers are ____.

- (A) Contingent workers (B) Independent contractors
(C) Job sharing (D) Working multiple jobs

17. Which of the following is a type of nontraditional worker?

- a. contingent workers b. part-time workers
c. people working in alternative work arrangements d. people with multiple jobs

Select the answer from the codes given below:

- (A) a, b & c (B) a, b & d (C) b, c & d (D) a, b, c & d

18. What is the role of a Human Capital Manager?

- A. Unlearn old skills and acquire new skills

B. He or she seeks to fine-tune HR policies and practices to fit the culture

C. It is the responsibility of a centralised or a decentralised department.

(A) Both A & C

(B) A, B and C

(C) Both A & B

(D) B & C

19. Which of these is the purpose of recruitment?

(A) Make sure that there is match between cost and benefit

(B) Help increase the success rate of the selection process by reducing the number of visibly under qualified or over qualified job applicants.

(C) Help the firm create more culturally diverse work - force

(D) None of the above

20. The poor quality of selection will mean extra cost on _____ and supervision.

(A) Training

(B) Recruitment

(C) Work quality

(D) None of the above

EXPECTED MCQ's FOR EXAM

1-The following is (are) the key components of a business process Re-engineering programme?

a) Product development

b) Service delivery

c) Customer satisfaction

d) All of the above

(Ans:d)

2-The actual achievements compared with the objectives of the job is

a) Job performance

b) Job evaluation

c) Job description

d) None of the above

(Ans: a)

3-The following is (are) concerned with developing a pool of candidates in line with the human resources plan

a) Development

b) Training

c) Recruitment

d) All of the above

(Ans:c)

4-Majority of the disputes in industries is (are) related to the problem of

a) Wages

b) Salaries

c) Benefits

d) All of the above

(Ans:d)

5-In an organisation initiating career planning, the career path model would essentially form the basis for

a) Placement

b) Transfer

c) Rotation

d) All of the above

(Ans:d)

6-Section _____ of the Industrial Disputes Act 1947, states that an employer should only retrench employees who have been most recently hired

- a) 24-F
- b) 24-G
- c) 25-F
- d) 25-G

(Ans:d)

7-Performance development plan is set for the employee by his immediate boss.

- a) Employer
- b) Department Head
- c) Immediate boss
- d) Any of the above

(Ans:c)

8-The following type of recruitment process is said to be a costly affair.

- a) Outdoor recruitment
- b) Internal recruitment
- c) External recruitment
- d) Cost remains same for both types

(Ans: b)

9-The following is (are) the objective(s) of inspection.

- a) Quality product
- b) Defect free products
- c) Customer satisfaction
- d) All of the above

(Ans: d)

10-Large recruitment ___ problematic and vice-versa

- a) Less
- b) Large
- c) More
- d) Any of the above

(Ans: a)

11-The _____ programme once installed must be continued on a permanent basis.

- a) Job evaluation
- b) Training & Development
- c) Recruitment
- d) All of the above

(Ans: a)

12-The following person has suggested the new concept which takes into account various key factors that will tell the overall performance of a job.

- a) Elliot Jecques
- b) Fred Luthas
- c) Juran
- d) None of the above

(Ans: a)

13-For closure, every worker is to be compensated with _____ average pay for every year of service completed.

- a) 15 days
- b) 20 days
- c) 25 days
- d) 30 days

(Ans: a)

14-The three important components in aligning business strategy with HR practice:

- a) Business Strategy, Human Resource Practices, Organisational Capabilities

- b) Marketing Strategy, Human Resource Practices, Organisational Capabilities
- c) Business Strategy, Human Resource Practices, Organisational structure
- d) Marketing Strategy, Human Resource Practices, Organisational structure

(Ans: a)

15-The basic managerial skill(s) is(are)

- a) To supervise
- b) To stimulate
- c) To motivate
- d) All of the above

(Ans:d)

16-The whole process of conducting a 360 – Degree Feedback process in any Organisation could last about _____.

- a) 1.5 to 3 months
- b) 3 to 6 months
- c) 6 to 9 months
- d) 9 to 12 months

(Ans: a)

17-In a re-engineering programme, when a process changes so does the _____ of the concerned employee.

- a) Designation
- b) Job profile
- c) Qualification
- d) Job experience

(Ans: b)

18-The process which is continuous and stops only when the organisation ceases to exist

- a) Training
- b) Job evaluation
- c) Hiring
- d) All of the above

(Ans:c)

19-Union leaders at different levels & at federations are elected on _____

- a) Democratic principle
- b) Political considerations
- c) Employer's recommendation
- d) Seniority basis

(Ans:a)

20-The following factor would be relatively low if supply of labour is higher than demand.

- a) Production
- b) labour cost
- c) Wage
- d) all of the above

(Ans:c)

21-The nation wide consumer councils formed by the Government comprise of representatives of

- a) Cost account and consumer
- b) Various ministries
- c) Manufactures of commerce
- d) All of the above

(Ans:d)

22-The following is (are) the option(s) while planning for surplus

- a) Reassign the jobs
 c) Reduce work hours
(Ans:d)
- b) Redesign the jobs
 d) All of the above

23-The following system is simple, less expensive and less time consuming.

- a) Paired comparison
 c) Ranking
(Ans:c)
- b) Confidential report system
 d) Checklist method

24-The following are the factors which come under ' Work planning' that is component systems of HRD

- a) Contextual analysis
 c) Performance appraisal
(Ans:d)
- b) Role analysis
 d) All of the above

25-_____ is the simple act of comparison & learning for organisational improvement

- a) Benchmarking
 c) Ranking
(Ans:a)
- b) Feedback
 d) Job evaluation

26-_____ can be defined as a written record of the duties, responsibilities and conditions of job.

- a) Job description
 c) Job profile
(Ans:a)
- b) Job specification
 d) None of the above

27-The three types of forecasts are

- a) Economic, employee market, company's sales expansion
 b) Long, Short, Medium
 c) Production, economic, company's sales expansion
 d) Production, labor, economic
(Ans:a)

28-Under point method, factor(s) generally considered are:

- a) Skill, effort, Accountability
 c) Wage, job enrichment, accountability
(Ans:a)
- b) Skill, job enrichment, accountability
 d) Wage effort, accountability

29-HRD process variable include:

- a) Role clarity
 c) Better communication
(Ans:d)
- b) Work planning
 d) All of the above

30-The following is (are) included in salary survey.

- a) Average salary
c) Salary budget averages
- b) Inflation indicators
d) All of the above

(Ans:d)

31-The following is (are) the key components of a business process Re-engineering programme?

- a) Product development
c) Customer satisfaction
- b) Service delivery
d) All of the above

(Ans:d)

32-The actual achievements compared with the objectives of the job is

- a) Job performance
c) Job description
- b) Job evaluation
d) None of the above

(Ans:a)

33-The following is (are) concerned with developing a pool of candidates in line with the human resources plan

- a) Development
c) Recruitment
- b) Training
d) All of the above

(Ans:c)

34-Majority of the disputes in industries is (are) related to the problem of

- a) Wages
c) Benefits
- b) Salaries
d) All of the above

(Ans:d)

35-In an organisation initiating career planning, the career path model would essentially form the basis for

- a) Placement
c) Rotation
- b) Transfer
d) All of the above

(Ans:d)

36-Section _____ of the Industrial Disputes Act 1947, states that an employer should only retrench employees who have been most recently hired

- a) 24-F
c) 25-F
- b) 24-G
d) 25-G

(Ans:d)

37-Performance development plan is set for the employee by his immediate boss.

- a) Employer
c) Immediate boss
- b) Department Head
d) Any of the above

(Ans:c)

38-The following type of recruitment process is said to be a costly affair.

- a) Internal recruitment b) External recruitment
- c) Cost remains same for both types

(Ans:b)

39-The following is (are) the objective(s) of inspection.

- a) Quality product
b) Defect free products
c) Customer satisfaction
d) All of the above

(Ans:d)

40-Large recruitment ___ problematic and vice-versa

- [illegible]

(Ans:a)

41-The _____ programme once installed must be continued on a permanent basis.

- a) Job evaluation
b) Training & Development
c) Recruitment
d) All of the above

(Ans:a)

42-The following person has suggested the new concept which takes into account various key factors that will tell the overall performance of a job.

- a) Elliot Jecques b) Fred Luthas
c) Juran d) None of the above

(Ans:a)

43-For closure, every worker is to be compensated with _____ average pay for every year of service completed

- a) 15 days b) 20 days
c) 25 days d) 30 days

(Ans:a)

44-The three important components in aligning business strategy with HR practice:

- a) Business Strategy, Human Resource Practices, Organisational Capabilities
b) Marketing Strategy, Human Resource Practices, Organisational Capabilities
c) Business Strategy, Human Resource Practices, Organisational structure
d) Marketing Strategy, Human Resource Practices, Organisational structure

(Ans:a)

45-The basic managerial skill(s) is(are)

- a) To supervise
b) To stimulate
c) To motivate
d) All of the above

(Ans:d)

46-The whole process of conducting a 360 - Degree Feedback process in any Organisation could last about ____.

- a) 1.5 to 3 months
- b) 3 to 6 months
- c) 6 to 9 months
- d) 9 to 12 months

(Ans:a)

47-In a re-engineering programme, when a process changes so does the ____ of the concerned employee.

- a) Designation
- b) Job profile
- c) Qualification
- d) Job experience

(Ans:b)

48-The process which is continuous and stops only when the organisation ceases to exist

- a) Training
- b) Job evaluation
- c) Hiring
- d) All of the above

(Ans:c)

49-Union leaders at different levels & at federations are elected on ____

- a) democratic principle
- b) political considerations
- c) employer's recommendation
- d) seniority basis

(Ans:a)

50-The following factor would be relatively low if supply of labour is higher than demand.

- a) production
- b) labour cost
- c) wage
- d) all of the above

(Ans: c)

51-The nation wide consumer councils formed by the Government comprise of representatives of

- a) Cost account and consumer
- b) Various ministries
- c) Manufactures of commerce
- d) All of the above

(Ans: d)

52-The following is (are) the option(s) while planning for surplus:

- a) Reassign the jobs
- b) Redesign the jobs
- c) Reduce work hours
- d) All of the above

(Ans: d)

53-The following system is simple, less expensive and less time consuming.

- a) Paired comparison
- b) Confidential report system
- c) Ranking
- d) Checklist method

(Ans: c)

54-The following are the factors which come under ' Work planning' that is component systems of HRD

- a) Contextual analysis
- b) Role analysis
- c) Performance appraisal
- d) All of the above

(Ans: d)

55-_____ is the simple act of comparison & learning for organisational improvement

- a) Benchmarking
- b) Feedback
- c) Ranking
- d) Job evaluation

(Ans: a)

56-_____ can be defined as a written record of the duties, responsibilities and conditions of job.

- a) Job description
- b) Job specification
- c) Job profile
- d) None of the above

(Ans: a)

57-The three types of forecasts are

- a) Economic, employee market, company's sales expansion
- b) Long, Short, Medium
- c) Production, economic, company's sales expansion
- d) Production, labor, economic

(Ans: a)

58-Under point method, factor(s) generally considered are

- a) Skill, effort, Accountability
- b) Skill, job enrichment, accountability
- c) Wage, job enrichment, accountability
- d) Wage effort, accountability

(Ans: a)

60-HRD process variable include

- a) Role clarity
- b) Work planning
- c) Better communication
- d) All of the above

(Ans:d)

61-The following is (are) included in salary survey.

- a) Average salary
- b) Inflation indicators
- c) Salary budget averages
- d) All of the above

(Ans:d)

62-Under training and development plan, the form is to be prepared in _____ form.

- a) Duplicate
- b) Structured
- c) Detailed
- d) None of the above

(Ans: a)

63-The process of analyzing jobs from which job descriptions are developed are called_____.

- a) Job analysis
- b) Job evaluation
- c) Job enrichment
- d) Job enlargement

(Ans: a)

64-Match the following

Question	Correct option
A. The monitoring stage	= 1. The firm identifies and confirms the overall business direction.
B. The clarification stage	= 2. Investment on the human capital and the value placed by employees on this investment.
C. The assessment stage	= 3. The firm checks the new system against strategy.
D. The design stage	= 4. The firm plans the proposed changes into practice.

The correct order is

- A-3, B-1, C-2, D-4
- A-3, B-1, C-4, D-2
- A-1, B-3, C-2, D-4
- A-3, B-2, C-1, D-4

(Ans: a)

65-When effort to earn additional income through a second job does not bear fruit, such type of efforts & the consequent results may be called as

- a) Red moon lighting
- b) Blue moon lighting
- c) Yellow moon lighting
- d) Silver moon lighting

(Ans: b)

66-Which pay is one of the most crucial pay given to the employee & also shown in the pay structure?

- a) Performance
- b) Strategic
- c) Bonus
- c) Commission

(Ans: a)

67-Which of the following is (are) the HRD score card?

- a) HRD systems maturity score
- b) Competency score
- c) HRD competencies systems maturity score
- d) All of the above

(Ans: d)

68-360 -Degree Feedback enhances the quality of _____ decisions.

- a) HR
- b) Management
- c) HRD
- d) All of the above

(Ans: d)

69-In the Grid Seminars, stress is laid on _____.

- a) Teaching
- b) Professionalism

c) Training & Development

d) All of the above

(Ans: a)

70-The three performance counseling phases are:-

a) Rapport building, Exploration, Action planning

b) Support building, Exploration, Action planning

c) Rapport building, Explanation, Action planning

d) Rapport building, Exploration, Accurate planning

(Ans: a)

71-What is that describes the duties of the job, authority relationship, skills requirement, conditions of work etc.

a) Job analysis

b) Job enlargement

c) Job enrichment

d) Job evaluation

(Ans: a)

72. The meaning of the acronym HRM is _____ ?

A. Human Relations Management

B. Humanistic Resource Management

C. Human Resource Management

D. Human Resourceful Management

73. The term used before the language of modern HRM was _____ ?

A. Labour Relations

B. Personnel Management

C. Industrial Management

D. All of the above

74. Which of the following is not a function normally performed by HR department?

A. Accounting

B. Recruitment and Selection

C. Pay and Reward

D. Employee Relations

75. Which of the following statements is false?

A. Organizations are now less hierarchical in nature

B. Organizations are now generally focusing upon domestic rather than international matters

C. Organizations have adopted more flexible norms

D. Organizations have been subject to a raft of organizational change programs

76. Human Resource Management is _____ ?

A. Employee oriented

B. Employer oriented

C. Legally oriented

D. None of the above

77. Scope of the HRM includes _____ ?

A. Retirement and separation of employees

B. HR training and development

C. Industrial relations

D. All of the above

78. Human Resource Management (HRM) is _____ ?

A. A Staff function

B. A line function

C. A staff function, line function and accounting function

D. All of the above

79. The objectives of HRM are categorized as _____ ?

A. Personal objectives

B. Functional objectives

C. Organisational and social objectives

D. All of the above

80. The scope of HRM does not include _____ ?

- A. Retirement of employees
- C. Training of employees

B. Manpower planning

D. Maintenance of accounts

81. The meaning of the acronym 'SHRM' is _____ ?

- A. Short-term Human Resource Management
- C. Strategestic Human Resource Management

B. Strategic Human Resource Management

D. Strategic Humane Resource Management

82. Recruitment is widely viewed as a _____ ?

A. positive process

C. positive as well as negative process

B. negative process

D. none of the above processes

83. Recruitment policy usually highlights need for establishing _____ ?

A. job specification

C. job description

B. job analysis

D. none of the above

84. The process of developing the applicant's pool for job openings in an organization is called _____ ?

A. Hiring

C. Selection

B. Recruitment

D. Retention

85. A brief write-up of what the job is all about is _____ ?

A. job finding

C. job analysis

B. job summary

D. job specification

86. A job specification is one of the areas of _____ ?

A. job analysis

C. job description

B. job design

D. job summary

87. The division of the total task to be performed into a manageable and efficient unit is _____ ?

A. a job design

C. a job analysis

B. a job specification

D. a job description

88. Which of the following is the area from which applicants can be recruited?

A. Employment Lines

C. Labour Market

B. Employees' Association

D. Labour Schemes

89. For forecasting the demand for manpower, the important techniques used are _____ ?

A. Delphi Techniques

C. Work Study Techniques

B. Statistical Techniques

D. All of the above

90. Selection of the candidates is done out of _____ ?

A. Target population

C. external sources

B. internal sources

D. internal as well as external sources

91. HRM is considered as _____ ?

A. a reactive function

C. an auxiliary function

B. a proactive function

D. an auxo-reactive function

92. A job design is _____ ?

A. the design involving maximum acceptable job design qualities to perform a job

B. the division of total task to be performed into manageable and efficient units

- C. a systematic way of designing and determination of the worth of a job
D. none of the above

93. According to Edwin Flippo, the first and immediate product of job analysis is _____ ?

- A. the job description
B. the job design
C. the job production
D. the job specification

94. One of the important organizational factors affecting 'Job Design' is _____ ?

- A. Workflow
B. Autonomy
C. Feedback
D. Diversity

95. Behavioral factors affecting job design are _____ ?

- A. Autonomy
B. Diversity
C. Feedback
D. All of the above

96. Factors affecting job design are _____ ?

- A. behavioral factors
B. environmental factors
C. organizational factors
D. all of the above

97. Organisational factors affecting job design are _____ ?

- A. workforce and cultural factors
B. employee availability and abilities
C. ergonomics and cultural factors
D. feedback and diversity factors

98. The procedure for determining the duties and skill requirements of a job and the kind of person who should be hired for it is _____ ?

- A. job analysis
B. job design
C. job recruitment
D. job description

99. A list of the duties, responsibilities, reporting relationship, working conditions and supervisory responsibilities of a job as a product of a job analysis is _____ ?

- A. job enlargement
B. job design
C. job description
D. job enlistment

99. Job Characteristics Model is proposed by _____ ?

- A. Hockman and Coldham
B. Hockman and Oldcham
C. Hackman and Oldham
D. Horkman and Olatham

100. The Integrated System Model of Strategic Human Resource Management acknowledges the existence within the organisation of _____ ?

- A. multiple cultural and strategic environment
B. multiple stakeholders
C. multiple recruitment integrated system
D. multiple structural organizations

101. One of the dimensions included in the Harvard Model is _____ ?

- A. HR outcomes interest
B. Behavioral interest
C. Stakeholders interest
D. Performance interest

102. Manpower inventory involves _____ ?

- A. the classification of the inventory of workers in an organisation in addition to the qualities.
B. the classification of characteristics of personnel in an organisation, in addition to counting their number.
C. the classification of characteristics of managers' qualities in addition to their number.
D. the classification of characteristic features of functions for inventory in addition to the total number of functions.

103. One of the external sources of recruitment is _____?

- A. retired managers and employees
B. dependents of deceased employees
C. gate hiring
D. none of the above

104. Selection is _____?

- A. Subjective**
B. Objective
C. Normative
D. Positive

105. Recruitment _____

- A. follows selection
B. **precedes selection**
C. matches selection
D. none of the above

106. Manpower inventory is _____?

- A. to find out how manpower is to be utilized
B. to prepare inventory for scheduling manpower
C. the data collected about the present employees of an organization
D. the data as calculated by demand forecast and compared with inventory in respect of manpower

107. E-recruiting methods include _____?

- A. internet job boards
B. career websites
C. employer websites
D. all of the above

108. The Job Characteristics Model is one of the most influential attempts to _____?

- A. design jobs with increased motivational properties**
B. assign jobs with proper motivational properties
C. analyse jobs with increase and proper motivation
D. describe jobs with increase motivation for proper jobs

109. High job satisfaction is the outcome of which of the following core dimensions described by the Job Characteristics Model?

- A. Task identity
B. Task significance
C. Feedback
D. Autonomy

110. Low absenteeism and turnover is the outcome of which of the following core dimensions described by the Job Characteristics Model?

- A. Autonomy
B. Feedback
C. Task Identity
D. Task Significance

111. Which of the following factors is one of the environmental factors affecting job description:

- A. Workflow and culture
B. Autonomy and feedback
C. Employee availability and abilities
D. Culture and diversity

112. A broad, general and written statement of a specific job based on the findings of an analysis is called as _____?

- A. Specific Job Design
B. Job Identification
C. Specific Particular Analysis
D. Job Description

113. The Michigan Model emphasis the following functions and their interrelates.

- A. selection, recruitment, induction and promotions
B. appraisal, rewards, promotions and retention
C. selection, recruitment, rewards and promotion
D. selection, appraisal, rewards and human resource development

114. The Integrated system model is also known as _____ ?

- A. **Harvard Model** B. Michigan Model
C. Integrated Model D. Warwick System Model

115. A general statement or understanding which provides guidelines for decision-making to H.R. managers in respect of various H.R. functions and activities is known as _____ ?

- A. H.R. Vision statement B. H.R. Philosophy
C. H.R. Mission statement **D. H.R. Policy**

116. When an interviewer prepares a list of questions in advance and asks those question to the candidate to obtain the information from him; it is called _____ ?

- A. **a structured interview** B. a well-organized interview
C. a systematic type interview D. none of the above

117. When an interviewer asks the questions to the candidate according to the response received from him and the questions asked are not pre-determined in such an interview, it is called _____ ?

- A. unprepared type of interview **B. unstructured interview**
C. unconditional interview D. none of the above

118. Job identification is one of the components of _____ ?

- A. job specification B. job design
C. job description D. job evaluation

119. systematic and orderly process of determining the worth of a job in relation to other jobs is _____ ?

- A. worth job specification B. job description
C. job evaluation D. job identification

120. A broad statement of the purpose, scope, duties and responsibilities of a particular job is _____ ?

- A. job specification **B. job description**
C. job analysis D. job design

121. Job descriptions are also called as _____ ?

- A. Task oriented** B. Task analysis
C. performance oriented D. Credit analysis

122. The Dewey Decimal Classification divides human knowledge into

- (A) 10 basic categories. (B) 100 basic categories.
(C) 1000 basic categories. (D) 10000 basic categories.

Answer: (A)

123. Call Number of a Book Means

- (A) Book Number (B) Class Number
(C) Both (A) and (B) are true (D) None of the above

Answer: (C)

124. Accession Number means

- (A) Call Number of a book (B) Unique Number for a book inside a particular library.
(C) Book Number (D) Class number

Answer: (B)

125. How many digits have in the ISSN

- (A) 10 (B) 8
(C) 13 (D) 15

Answer: (B)

126. Main use of Shelf list is

- (A) Cataloging (B) Circulation
(C) Stock Verification (D) Book Selection

Answer: (C)

127. Posting the right person at the right place is called _____

- (A) Recruitment (B) Coaching
(C) Deployment (D) Induction

Answer: (A)

128. TQM is a system of continuous improvement employing participative management and centered on needs of the _____

- (A) Customers (B) Staff
(C) Organization (D) Government

Answer: (C)

129. Financial support given to libraries are of two types - Recurring and

- (A) Ad-hoc (B) Endowments
(C) Annual (D) Non-recurring

Answer: (B)

130. Principle of maximum aggregate benefit is concerned with_

- (A) Growth of library (B) Library use
(C) Library service (D) Library fee

Answer: (C)

131. takes items of expenditure for libraries as the working data for allocation of funds.

- (A) Method of details (B) Per capita method
(C) Principle of economy (D) Library budget

Answer: (D)

132. A budget which mainly covers items of current revenue and expenditure is called __.

- (A) Programme budget (B) Welfare economics
(C) Current budgeting (D) Capital budgeting

Answer: (D)

133. The library budget of a university is passed by the ?

- (A) Senate (B) Executive Council
(C) Academic Council (D) Research Council

Answer: (B)

134. In fund accounting, _____ fund can not be used for other purposes.

- (A) Recurring (B) Non-recurring
(C) Restricted (D) Encumbering

Answer: (A)

135. Scrutiny of financial transactions is called

- (A) Budgeting (B) Programming
(C) Accounting (D) Auditing

Answer: (D)

136. What are the two parts of the annual report of the library

- (A) Primary and Secondary (B) Analytical and Systematic
(C) Upper and Lower (D) Descriptive and Statistical

Answer: (D)

137. How many columns are there in the accession register?

- (A) 10 (B) 12
(C) 14 (D) 16

Answer: (C)

138. PPBS relates to

- (A) Book selection (B) Journal selection
(C) Budgeting (D) Library records

Answer: (C)

139. Zero based budget is concerned with

(A) Present

(C) Future

Answer: (C)

(B) Past

(D) Remote future

140. Another term of PERT is

(A) CPM

(C) MBO

Answer: (A)

(B) POSDCORB

(D) HRM

141. POSDCORB is related to

(A) Library cataloguing

(C) Library administration

Answer: (C)

(B) Library reference service

(D) Library automation

142. What are the standard size of the Accession Register is

(A) 16" * 12"

(C) 16" * 11"

Answer: (B)

(B) 16" * 13"

(D) 16" * 18"

143. A good library building is an outcome of librarian and.

(A) Registrar

(C) Finance Officer

Answer: (D)

(B) Building Corporation

(D) Architect

144. _____ are the storage areas for the various types of documents kept in a library.

(A) Tasks .

(C) Stacks

Answer: (C)

(B). Racks

(D) Desks

145. Study carrels are exclusive areas meant for

(A) Students

(C) Women

Answer: (D)

(B) Public

(D) Researchers

146. Library catalogue cards are filed in specially designed drawers called

(A) Charging tray

(C) Display rack .

Answer: (B)

(B) Catalogue cabinet

(D) Filling equipment

147. Information Gatekeepers come under _____ sources.

(A) Documentary

(C) Institutional

Answer: (A)

(B) Human

(D) Neo-conventional

148. _____ is a legal document and can be used as a source of industrial information.

(A) Report

(C) Patent

Answer: (D)

(B) Law Review

(D) Specification

149. In Encyclopaedia Britanica, _____ acts as an index to macropaedia.

(A) Bibliography

(C) Propaedia

Answer: (D)

(B) Introduction Part

(D) Micropaedia

150. One of the book selection principles states that "the best reading for the largest number at theCost."

(A) Maximum

(C) Least

Answer: (C)

(B) Medium

(D) Zero

151. Payments for the books purchased can be made only after

(A) Accessioning

(C) Cataloguing

Answer: (A)

(B) Classification

(D) Arrangement in the shelf

152. The standard size of an accession register is ?

(A) 15" x 13"

(C) 12" x 5"

Answer: (B)

(B) 16 x 13"

(D) 5" x 3"

153. Technical section performs mainly two functions namely classification and

- (A) Accessioning (B) Bills payment
(C) Cataloguing (D) Shelving

Answer: (C)

154. Getting books back from the users and releasing the borrower's ticket is known as

- (A) Charging (B) Holding
(C) Reserving (D) Discharging

Answer: (D)

155. While entering the library, the personal belongings of a reader is kept in _____

- (A) Cloak Room (B) Property Counter
(C) Gate counter (D) Store room

Answer: (B)

156. Books misplaced on the shelves by readers are restored. This work is referred to as.

- (A) Shelving (B) Stock verification
(C) Shelf rectification (D) Shifting

Answer: (C)

157. Outdated and seldom used books are withdrawn from the library is known as _____.

- (A) Shelving (B) Weeding
(C) Circulating (D) Guiding

Answer: (B)

158. The objective of library binding is _____ of the library materials.

- (A) Proper organization (B) Accessibility.
(C) Durability (D) Humidity control

Answer: (C)

159. All part and pages of a volume are correctly sequenced in the first stage of binding process known as?

- (A) Sewing (B) Guard
(C) Pulling (D) Collation

Answer: (D)

160. Sheets before and after the text of a book are called _____.

- (A) End papers (B) Attach cover
(C) Head bands (D) Gilding

Answer: (A)

161. Leather being used as one of the binding materials i.e., _____ is the strongest leather.

- (A) Roan (B) Imitation
(C) Pig skin (D) Sheep skin

Answer: (D)

162. _____ has prescribed certain standards for library binding.

- (A) ILA (B) ALA
(C) BLA (D) NBT

Answer: (B)

163. A skillful method of providing means mechanism and structural elements to streamline organizational work is known as _____

- (A) Strategic planning (B) Role analysis
(C) Work culture (D) Autonomous planning

Answer: (A)

164. Calcutta Public Library was established during

- (A) 15th Century (B) 16th Century
(C) 19th Century (D) 20th Century.

Answer: (C)

165. _____ budgeting does not take into account what happened in the past but emphasizes on current activities.

- (A) Formula (B) Performance
(C) Programme (D) Zero-base

Answer: (B)

166. The library budget of a university is passed by the?

- (A) Senate
(C) Academic Council

- (B) Executive Council
(D) Research Council

Answer: (B)

167. In fund accounting, _____ fund cannot be used for other purposes.

- (A) Recurring
(C) Restricted

- (B) Non-recurring
(D) Encumbering

Answer: (A)

168. Scrutiny of financial transactions is called

- (A) Budgeting
(C) Accounting

- (B) Programming
(D) Auditing

Answer: (D)

169. _____ is one of the records of circulation section.

- (A) Accession Register
(C) Catalogue Card

- (B) Day book
(D) AACR-2 (R)

Answer: (A)

170. The marketing concepts in Library Service include

- (A) analysis, planning, implementation and control
(B) advertising, planning, analysis and control
(C) distribution, control, analysis, implementation
(D) indexing, planning, control and implementation.

Answer: (B)

171. There are a few basic factors which may be applied in winning the hearts of the readers. They are

- (A) Psychological factor, environmental factor, social factor
(B) Self factor, psychological factor, service factor
(C) Service factor, philosophical factor, self factor
(D) Technological factor, service factor, self factor.

Answer: (D)

OTHER IMPORTANT QUESTIONS OF HRM

1. What is the meaning of the acronym HRM?

- a) Human Relations Management, b) Humane Resource Management,
c) Human Resource Management, d) Humanistic Resource Management.

Ans : c

2. What is the meant by the acronym CIPD?

- a) Chartered Institute of Personnel and Development,
b) Chartered Institute of People and Development,
c) Chartered Institute of Personnel Directors,
d) Chartered Institute of Performance Development.

Ans : a

3. What is meant by the acronym SHRM?

- a) Superior Human Resource Management, b) Sophisticated Human Resource Management,
c) Strategic Human Resource Management, d) Soft Human Resource Management.

Ans : c

4. What is meant by the acronym HCM?

- a) High Capability Management, b) High Class Management,
c) High Calibre Management, d) High Commitment Management.

Ans : d

5. Which of the following is not a function normally performed by the HR department?

- a) Employee relations, b) Accounting,

c) Training & development,

d) Recruitment & selection.

Ans : b

6. What is meant by the acronym HPWS?

a) High Performance Work Scenario,
c) High Pressure Work System,
System.

b) High Performance Work System,
d) High Performance Wages

Ans : b

7. What is the meant by the acronym VET

a) Vocational Experience and Training
c) Voluntary Education and Training

b) Vocational Expertise and Training
d) Vocational Education and Training.

Ans : d

8. What is the meant by an SME?

a) Small Medium Enterprise,
c) Small Manufacturing Employer,

b) Small Manufacturing Enterprise,
d) Small Medium Employer.

Ans : a

9. Which of the following is not a type of performance appraisal?

a) Team based appraisal,
c) Customer appraisals,

b) Appraisal of managers,
d) 45 degree appraisal.

Ans : d

10. What is the meaning of upward appraisal?

a) Employees rate the performance of their manager,
b) Line managers rate the performance of employees,
c) Employees rate the performance of their peers,
d) Senior managers rate the performance of line managers.

Ans : a

11. What is meant by 360 degree appraisal?

a) A system where feedback is obtained from peers subordinates and supervisors,
b) A system where a senior manager rates all line managers simultaneously,
c) A system where every employee rates another employee chosen at random,
d) A system where the line manager rates subordinates simultaneously.

Ans : a

12. What is meant by the 'Veblen effect'?

a) The practice of giving everyone high ratings,
b) The practice of giving everyone low ratings,
c) The practice of giving everyone average ratings,
d) The practice of giving everyone random ratings.

Ans : c

13. The practice in which 'senior executives periodically review their top executives and those in the next-lower level to determine several backups for each senior or key position in the firm' is termed as -

a) Performance appraisal,
c) Management development,

b) Succession planning,
d) Training.

Ans : b

14. The two sources of recruitment are -

a) Newspaper and Consultants,

b) Campus and Employment Exchange,

c) Transfer and References,

d) Internal and External.

Ans : d

15. _____ and _____ are associated with the Hawthorne studies.

a) Dale Yoder and Honemen,

b) Elton Mayo and F. J. Roethlis Berger,

c) Maslow and Herzberg,

d) Taylor and Smith.

Ans : b

16. A human relation programme represents an attempt in improving employee _____ and _____ through an improved three way communication.

a) Pay and Bonus,

b) Working hour and Attendance,

c) Morale and Motivation,

d) Commitment and Tenure

Ans : c

17. The industrial relations activity of a personnel officer includes -

a) Recruiting, Interviewing;

b) Grievance Handling, Contract Negotiations;

c) Transfer, Termination;

d) Leadership, Motivation.

Ans : b

18. Job Analysis record included the preparation of _____ and _____.

a) Role and Task,

b) KRA and Appraisal,

c) Job Description, Job Specification,

d) Training Needs and Applications

Ans : c

19. Ramesh is conducting an interview for hiring the Sales Executive for his organization. He needs to know about the personality of the person. What method he may use -

a) Physical examination,

b) Reference check,

c) Psychological test,

d) Depth interview.

Ans : c

20. HRM is more _____ whereas Personnel Management is slightly narrow.

a) Complex,

b) Detailed,

c) Mechanical,

d) Growth-oriented.

Ans : d

21. _____ is a written record of the duties, responsibilities and conditions of the job.

a) HRIS,

b) Skills inventory,

c) Job analysis,

d) Job description.

Ans : d

22. Minimum Wages Act was passed in which year -

a) 1910,

b) 1948,

c) 1950,

d) 1947

Ans : b

23. Which of the following is not an external source of recruitment?

a) Advertisement,

b) Promotion,

c) Employment agencies,

d) Employee referrals.

Ans : b

24. The term 'Training' indicated any process by which the aptitudes skills and abilities of employees to perform specific jobs are _____.

a) Evaluated,

b) Rated,

c) Decreased,

d) Increased.

Ans : d

25. The best medium to reach a large audience for the process of recruitment is –

- a) Casual applicants,
- b) Advertising,
- c) Employee referrals,
- d) Employment agencies.

Ans : b

26. _____ is an outside third party who is brought in to settle a dispute, and he or she has the authority to make a decision.

- a) Government,
- b) An arbitrator,
- c) Union,
- d) Legal Expert.

Ans : b

27. Human resource management function does not involve –

- a) Recruitment,
- b) Selection,
- c) Cost control,
- d) Training.

Ans : c

28. Which of the following is an objective of human resource management?

- a) Productivity,
- b) Quality of work life,
- c) Organizational change,
- d) all these.

Ans : d

29. Which of the following is the cause of sickness of an enterprise?

- a) Lack of adequate capital,
- b) Lack of demand for the products,
- c) Lack of raw materials,
- d) All of the above.

Ans : d

30. Which of the following is not the component of work study?

- a) Work measurement,
- b) Case study,
- c) Time study,
- d) Motion study.

Ans : b

31. Job analysis involves –

- a) Job description and job specification,
- b) Job order and job description,
- c) Job specification and job order,
- d) Job satisfaction and job description.

Ans : a

32. Labour welfare facilities were incorporated in which legislation?

- a) MRTP Act,
- b) Essential Commodity Act,
- c) Consumer Protection Act,
- d) Factories Act.

Ans : d

33. Selection of persons in an organization is the responsibility of:

- a) Security department,
- b) Personnel department,
- c) Trade unions,
- d) Canteen department.

Ans : b

34. Which one is not a performance appraisal method?

- a) 360 degree performance appraisal,
- b) Balanced score card,
- c) Rank method,
- d) Interview method.

Ans : d

35. Which are the operative functions of HRM?

- a) Organizing,
- c) Controlling,
- b) Directing,
- d) All of these.

Ans : d**36. Communication can be -**

- a) Oral,
- c) Oral and written,
- b) Written,
- d) None of these.

Ans : c**37. On-the-Job training methods are based on -**

- a) Demonstration method,
- c) Informal training,
- b) Apprenticeship method,
- d) all of the above.

Ans : d**38. Physical conditions of work involves -**

- a) Lighting,
- c) Rest breaks,
- b) Temperature,
- d) all of these.

Ans : d**39. Personality test includes -**

- a) Training method,
- c) Thematic appreciation test,
- b) Projective test,
- d) Both 'b' and 'c'

Ans : d**40. Training information system includes -**

- a) Training aids,
- c) Training resources,
- b) Internal and external faculty,
- d) Training needs.

Ans : d**41. Which one is a type of test?**

- a) Aptitude test,
- c) Achievement test,
- b) Personality test,
- d) All of these.

Ans : d**42. Recruitment is a _____ process.**

- a) Negative,
- c) Positive,
- b) Neutral,
- d) None of these.

Ans : b**43. Objectives of training is -**

- a) Increased morale,
- c) Favorable reaction to change,
- b) Increased productivity,
- d) all of the above.

Ans : d**44. Staffing includes -**

- a) Work load estimation,
- c) Placement and induction,
- b) Appointments of personnel,
- d) all of the above.

Ans : d**45. Functions of HRD consists -**

- a) Performance appraisal,
- c) Employment,
- b) Career planning and development,
- d) all of the above.

Ans : d

46. Which of the following is /are the internal sources of recruitments?

- a) Trainees,
- b) Extension of service,
- c) Internal job posting,
- d) all of these.

Ans : d

47. Human Resource Audits summarize each employees' –

- a) Skills and abilities,
- b) Property,
- c) Evidences,
- d) Personal life.

Ans : a

48. The book HR Champions is authored by –

- a) Dave Ulrich,
- b) Keith Davis,
- c) Koontz,
- d) Bedaux.

Ans : a

49. Which of the following statements are false?

- a) HRM is a strategic management function,
- b) HRM treats employee as a resource,
- c) HRM function is treated as only an auxiliary function,
- d) HRM is the management of talent pool.

Ans : c

50. Job Analysis can be used in compensation to identify –

- a) Service,
- b) Skills,
- c) Product,
- d) Cost.

Ans : c

51. HRA stands for –

- a) Human Resource Audit,
- b) Human Resource Accounting,
- c) Human Resource Allowance,
- d) House Rent Act.

Ans : b

52. Human Resource Management includes –

- a) Dynamic HR planning,
- b) Trade unions,
- c) Downsizing,
- d) All of these.

Ans : d

53. Which one is the motivation theory?

- a) Demand theory,
- b) Reinforcement theory,
- c) Vroom's theory,
- d) Transactional analysis.

Ans : c

54. Man power planning system includes –

- a) corporate plan,
- b) manpower inventory,
- c) manpower demand forecast,
- d) all of the above.

Ans : d

55. Aptitude test includes –

- a) Intelligence test,
- b) Skill test,
- c) Mechanical aptitude test,
- d) all of the above.

Ans : d

56. Industrial accident may caused due to:

- a) faulty equipments and machines,
- b) improper working condition,
- c) wrong working procedures,
- d) all of the above.

Ans : d**57. Which of the following are central organizations of workers?**

- a) INTUC, b) AITUC,
- c) INC, d) UTUC.

Ans : c**58. The trade union activity in India made a beginning even before the end of ____ century?**

- a) 19th century, b) 20th century,
- c) 18th century, d) 21st century.

Ans : a**59. Who started on agitation to draw attention of the Government to deplorable condition of women and child labour in Indian industry?**

- a) Mr. Sorabjee Shapurjee, b) Mahatma Gandhi,
- c) Pt. Jawahar Lal Nehru, d) C. Roy.

Ans : a**60. A tripartite Industrial Committee on fair wages was appointed in -**

- a) 1948, b) 1947,
- c) 1950, d) 1951.

Ans : b**61. Objectives of Trade Union includes -**

- a) To secure better wages for the workers, b) To protect bonus of workers,
- c) To strive for better working conditions, d) all of the above.

Ans : d**62. The Employment Exchange (Compulsory Notification of Vacancies) Act came into force in the year -**

- a) 1948, b) 1959,
- c) 1961, d) 1972.

Ans : b**63. Social capital includes -**

- a) Public roads, b) Equity shares,
- c) raw-materials, d) all of these.

Ans : a**64. Job analysis is the basis for:**

- a) Job evaluation, b) Performance appraisal,
- c) Job enrichment, d) Bargaining.

Ans : a**65. Which one is not the method of appraisal?**

- a) Straight ranking, b) BARS,
- c) Understudy, d) Critical incident.

Ans : c

PRACTICE SETS

1. a/an is a plan or programmes to motivate individual or group performance.

- A. Incentive scheme
C. Reward
- B. Promotion scheme
D. None of the above
2. Career counseling is part of which of the following functions of HRM?
A. Compensation & benefits
C. Training and Development
- B. Planning & selection
D. Maintenance of HRIS
3. The mental process to interpret environment as per one's own understanding is known as:
A. Perception
C. Attitude
- B. Personality
D. Ability
4. Which of the following component of attitude represents a person's opinion's knowledge, and information?
A. Affective component
C. Behavioral component
- B. Cognitive component
D. Objective component
5. The process of the feedback is made up of phases.
A. 4 B. 5 C. 6 D. 7
6. A broad, general and written statement of a specific job based on the findings of an analysis is called as
A. Specific Job Design
C. Specific Particular Analysis
- B. Job Identification
D. Job Description
7. Campus Recruiting does not have the advantage of
A. High Intellectual Capacity
C. High level of curiosity
- B. Higher understanding of organization
D. High potential
8. A _____ is a written record of the duties, responsibilities and conditions of the job.
A. Job ranking
C. Job description
- B. Job enrichment
D. Job enlargement
9. The following is (are) included in salary survey.
A. Average salary
C. Salary budget averages
- B. Inflation indicators
D. All of the above
10. The primary aim of recruitment and selection process is to
A. Meet the high labour turnover
B. Hire the best individuals at optimum cost
C. Ensure the availability of surplus in the case of sickness and absence
D. Hire Excess manpower for the future
11. Recruitment
A. Follows selection
C. Matches selection
- B. Precedes selection
D. None of the above
12. Union leaders at different levels & at federations are elected on
A. democratic principle
C. employers recommendation
- B. political considerations
D. seniority basis
13. The process of developing the applicant's pool for job openings in an organization is called

- A. Hiring
C. Selection
- B. Recruitment
D. Retention
14. HR Department maintains records
A. Employee
C. Production
- B. Sales
D. Inventory
15. High job satisfaction is the outcome of which of the following core dimensions described by the Job Characteristics Model?
A. Task identity
C. Feedback
- B. Task significance
D. Autonomy
16. The process which is continuous and stops only when the organization ceases to exist
A. Training
C. Hiring
- B. Job evaluation
D. All of the above
17. The characteristics of human resources are in nature
A. Homogeneous
C. Ductility
- B. Heterogeneous
D. Stable
18. _____ involves a one to one discussion between the participant and administrator.
A. Counselling
C. Motivation
- B. Training
D. All of the above
19. During which of the following stage, the firm plans the proposed changes into practice.
A. Clarification
C. Assessment
- B. Monitoring
D. Design
20. Best. Defines how. Well a test or selection procedure measures a person's attributes.
A. Reliability
C. Validity
- B. Testing
D. Organizational constraint
21. _____ executives take a full part in the strategic planning process.
A. Training & Development
C. Quality Control
- B. Human Resource
D. Production
22. Which of the following is closely associated with strategic human resource management?
A. Inefficient utilization of human resources
B. Not attracting the best human resources
C. Providing Superficial training
D. Providing Best training methods
23. The first step in the human resource planning process is
A. Preparing a job analysis
C. Assessing future demand
- B. Forecasting future human resource needs
D. Assessing future supply
24. The sixth step of the SHRM application tool is to evaluate the plan against success criteria. During this stage it is important to note:
A. the positive effects of the actions implemented
B. the negative effects of the actions implemented
C. the failures that resulted from the implementation of the plan

- D. the positive & negative effect of the actions implemented
25. HRM is considered as
- | | |
|--------------------------|------------------------------|
| A. A reactive function | B. A proactive function |
| C. An auxiliary function | D. An auto-reactive function |
26. Under which of the following authority, an HR manager took the decision to provide training to its employees regarding the operations of newly installed machine?
- | | |
|----------|---------------|
| A. Staff | B. Functional |
| C. Line | D. Implied |
27. Which one of the following is NOT the advantage of Workforce Diversity?
- | | |
|---|-------------------------------------|
| A. Increased creativity and flexibility | B. Decreased problem-solving skills |
| C. Multiple perspectives | D. Greater openness to new ideas |
28. The Job Characteristics Model is one of the most influential attempts to
- | |
|---|
| A. Design jobs with increased motivational properties |
| B. Assign jobs with proper motivational properties |
| C. Analyze jobs with increase and proper motivation |
| D. Describe jobs with increase motivation for proper jobs |
29. The and control systems should be altered to support the strategic human resource function.
- | | |
|------------------|----------------------|
| A. Appointment | B. Reward |
| C. Job allotment | D. None of the above |
30. The last step in the e-selection process is
- | |
|---|
| A. consider how the various new stakeholders and clients will use the system |
| B. train the employees that will be responsible for the administration of the process |
| C. draw-up a flow chart of the current assessment process |
| D. draft the desired flow process that will result from the E-selection process |
31. The unstructured interview
- | | |
|-----------------------------------|-------------------------------------|
| A. Infrequently conducted | B. Typically is unbiased |
| C. Typically is related to future | D. Typically biased job performance |
32. A list of the duties, responsibilities, reporting relationship, working conditions and supervisory responsibilities of a job as a product of a job analysis is
- | | |
|--------------------|-------------------|
| A. Job enlargement | B. Job design |
| C. Job description | D. Job enlistment |
33. Which of the following is an example of operative function of HR managers?
- | | |
|----------------|----------------|
| A. planning | B. Organizing |
| C. Procurement | D. Controlling |
34. Vertical integration in relation to SHRM can be described as which of the following?
- | |
|---|
| A. The relationship or integration between an Organization's senior managers |
| B. The relationship or integration between HR functional policies, for example employee development, employee reward and employee relations |
| C. The relationship or integration between the internal HR processes, and the Organization's business strategy and external market. |

- D. The relationship or integration between operational functions and policies
35. The organization's must be conducive to productivity and quality improvement.
- | | |
|------------|----------------|
| A. Culture | B. Development |
| C. Policy | D. Environment |
36. _____ issues tend to be well disguised.
- | | |
|--------------|----------------|
| A. Political | B. Territorial |
| C. Social | D. Economical |
37. A practice used by different companies to reduce costs by transferring portions of work to outside provider rather than completing it internally is termed as:
- | | |
|------------------|---------------------|
| A. Planning | B. Decentralization |
| C. Restructuring | D. Outsourcing |
38. Pettigrew & Whipp identified central factors for managing change successfully.
- | | |
|----------|---------|
| A. Three | B. Four |
| C. Five | D. Six |
39. HRM is more whereas Personnel Management is slightly narrow
- | | |
|---------------|--------------------|
| A. Complex | B. Detailed |
| C. Mechanical | D. Growth-oriented |
40. The division of the total task to be performed into a manageable and efficient unit is
- | | |
|-------------------|------------------------|
| A. A job design | B. A job specification |
| C. A job analysis | D. A job description |
41. The whole process of conducting a 360 - Degree Feedback process in any Organization could last about
- | | |
|--------------------|-------------------|
| A. 1.5 to 3 months | B. 3 to 6 months |
| C. 6 to 9 months | D. 9 to 12 months |
42. The following technique is used to evaluate an employee individually.
- | | |
|-------------------------|------------------------|
| A. Graphic scale rating | B. Ranking |
| C. Paired comparison | D. Forced distribution |
43. The interview is used as a method for determining :
- | |
|---|
| A. The personality of the candidate. |
| B. The degree 'of fit between the applicant and the demands of the job. |
| C. His/her age. |
| D. Physical attributes |
44. Section of the Industrial Disputes Act 1947, states that an employer should only retrench employees who have been most recently hired
- | | |
|---------|---------|
| A. 24-F | B. 24-G |
| C. 25-F | D. 25-G |
45. Systematic and orderly process of determining the worth of a job in relation to other jobs is
- | | |
|----------------------------|-----------------------|
| A. Worth job specification | B. Job description |
| C. Job evaluation | D. Job identification |
46. The thorough & detailed study regarding jobs within an Organization is represented by;
- | | |
|-----------------|--------------------|
| A. Job analysis | B. Job description |
|-----------------|--------------------|

- C. Job specification D. Job evaluation
47. _____ of management is likely to be an- other key agenda item.
A. Performance B. Quality
C. Expansion D. Decision
48. Tests that measure traits, temperament, or disposition are examples of
A. Manual dexterity tests B. Personality tests
C. Intelligence tests D. Work sample tests
49. During the lay off period, the employer has to pay of the basic wages.
A. One fourth B. Half
C. Three fourth D. One third
50. HRM typically provides which of these types of training to temporary employees?
A. Retirement planning B. Benefits options
C. Orientation D. Career planning and management
51. Which of the following is (are) the HRD score card?
A. HRD systems maturity score B. Competency score
C. HRD competencies systems maturity score D. All of the above
52. The role of the organization in career planning is to introduce & strengthen systems to ensure of employees
A. Career progression B. Self-development
C. Economic Development D. Skill enhancement
53. The mental process to interpret environment as' per one's own understanding is known as:
A. Perception B. Attitude
C. Personality D. Ability
54. Recruitment policy usually highlights need for establishing
A. Job specification B. Job analysis
C. Job description D. None of the above
55. Which statements are incorrect?
A. Recruitment and selection are part of the sourcing/attraction process
B. Selection creates a pool of talent to consider for future jobs
C. Recruitment enables the selection phase
D. All of the above statements are incorrect
56. In strategic human resource management, HR strategies are generally aligned with
A. Business Strategy B. Marketing Strategies
C. Finance strategy D. Economic strategy
57. Competency consists of
A. The specific tasks a person must do B. Skills and behaviors
C. A list of tests that will measure cognitive ability D. Communications and behavior
58. The degree to which interviews, tests, and other selection procedures yield comparable data over time and alternative measures is best define by
A. Job sampling B. Reliability

- C. Validity D. Organisational culture
59. Which of the following department of an Organization performs the managerial function of matching Organisational needs with the skills & abilities of the employees?
- A. Finance department B. Marketing department
C. Production department D. Human Resource department
60. During which of the following stage, the firm identifies and confirms the overall business direction
- A. Clarification B. Monitoring
C. Assessment D. Design
61. Which of the following department is responsible for handling safety & health issues of employees?
- A. HR department B. Procurement department
C. Finance department D. Marketing department
62. Low absenteeism and turnover is the outcome of which of the following core dimensions described by the Job Characteristics Model
- A. Autonomy B. Feedback
C. Task Identity D. Task Significance
63. _____ appraisal done separately will provide feedback on the potential of these managers.
- A. Potential B. Managerial
C. General D. Administrative
64. The meaning of the acronym HRM is
- A. Human Relations Management B. Humanistic Resource Management
C. Human Resource Management D. Human Resourceful Management
65. The Integrated system model is also known as
- A. Harvard Model B. Michigan Model
C. Integrated Model D. Warwick System Model
66. The process of grouping of similar types of works together is known as
- A. Job classification B. Job design
C. Job evaluation D. Job description
67. The best hiring occurs when the goals of which of the following should consistent to each other?
- A. HR managers, Finance managers B. Head office, Brand
C. Organization, individual D. Lower managers, Top managers
68. The basic managerial skill(s) is(are)
- A. To supervise B. To stimulate
C. To motivate D. All of the above
69. Competitive edge comes from the of people.
- A. Competency B. Efforts
C. Quality D. Hard work
70. Stephen Knauf defined HRA as "the measurement & of Human organisational inputs such as recruitment, training experience & commitment

- A. Qualification B. Accounting
C. Development D. None of the above
71. The term used before the language of modern HRM was
A. Labour Relations B. Personnel Management
C. Industrial Management D. All of the above
72. Finding ways to reduce is a key responsibility of management.
A. Dissatisfaction B. Uncertainty
C. Stress D. None of the above
73. HRP stands for
A. Human resource project B. Human resource planning
C. Human recruitment planning D. Human recruitment procedure
74. The one of the following is the best reason for the reduced use of written tests is
A. They are hard to construct B. They are difficult to validate
C. They are expensive to administrative D. They give very little information
75. Manpower inventory involves
A. The classification of the inventory of workers in an organization in addition to the qualities
B. The classification of characteristics of personnel in an organization, in addition to counting their number
C. The classification of characteristics of managers' qualities in addition to their number
D. The classification of characteristic features of functions for inventory in addition to the total number of functions
76. The field of HRM was founded on the idea that the competitive advantage of the organization relies on the following sources of capital:
A. cultural, human and system capital
B. social, cultural and human capital
C. organization relies on the ,following sources of capital
D. cultural, human and source capital
77. In a re-engineering programme, when a process changes so does the of the concerned employee.
A. Designation B. Job profile
C. Qualification D. Job experience
78. The following technique(s) is based on the critical incident approach.
A. Behaviorally anchored rating scales (BARS) B. Critical incident technique
C. Both (A) and (B) D. None of the above
79. Formulating and executing HR systems that produce employee competencies and behaviors needed to achieve the company's strategic aims is (are):
A. Strategic HR Management B. Strategy execution
C. HR strategies D. Strategic implementation
80. Increasing the number and variety of tasks assigned to a job is called
A. Job rotation B. Job enlargement
C. Job enrichment D. (a) and (c)

81. The actual achievements compared with the objectives of the job is
- | | |
|--------------------|----------------------|
| A. Job performance | B. Job evaluation |
| C. Job description | D. None of the above |
82. Which of the following aptly describes the role of line managers and staff advisors namely HR professionals?
- A. Staff advisors focus more on developing HR programmes while line managers are more involved in the implementation of those programmes
- B. Line managers are concerned more about developing HR programmes whereas staff advisors are more involved in implementing such programmes
- C. Staff advisors are solely responsible for developing, implementing and evaluating the HR programmes while line managers are not all involved in any matters concerning HR
- D. Line managers alone are responsible for developing, implementing and evaluating the HR programmes while staff advisors are not all involved in any matters concerning HR.
83. Which of the following factors is one of the environmental factors affecting job description:
- | | |
|--|--------------------------|
| A. Workflow and culture | B. Autonomy and feedback |
| C. Employee availability and abilities | D. Culture and diversity |
84. Selection is
- | | |
|---------------|--------------|
| A. Subjective | B. Objective |
| C. Normative | D. Positive |
85. The following is (are) the key components of a business process Re-engineering programmer?
- | | |
|--------------------------|---------------------|
| A. Product development | B. Service delivery |
| C. Customer satisfaction | D. All of the above |
86. _____ is considered as a strategic activity.
- | | |
|-----------------|---------------------|
| A. Recruitment | B. Planning |
| C. Productivity | D. All of the above |
87. Strategic human resource management involves
- A. Financing project marketing related programming
- B. setting employment standards and policies
- C. linking human resources with strategic objectives to improve performance
- D. Project planning
88. Which personnel association uses the idea of bundles of integral HRM practices?
- A. European association for personnel management
- B. U.S office of personnel management
- C. Chartered Institute of personnel & development
- D. Association of personnel Service Organisations
89. The process of analyzing jobs from which job descriptions are developed are called
- | | |
|-------------------|--------------------|
| A. Job analysis | B. Job evaluation |
| C. Job enrichment | D. Job enlargement |
90. Developing characteristics of people needed to run business in .
- | | |
|---------------|---------------------|
| A. Short term | B. Medium term |
| C. Long term | D. Any of the above |

91. Moving employees from one job to another in a predetermined way is called
- Job rotation
 - Job reengineering
 - Work mapping
 - Job enrichment
92. The three important components in aligning business strategy with HR practice:
- Business Strategy, Human Resource Practices, Organisational Capabilities
 - Marketing Strategy, Human Resource Practices, Organisational Capabilities
 - Business Strategy, Human Resource Practices, Organisational structure
 - Marketing Strategy, Human Resource Practices, Organisational structure
93. When constructing the ad, it is important to consider how to best
- Attract attention to the advertisement
 - Get right candidate
 - How will be the profit
 - The candidate reach in profit
94. What is that describes the duties of the job, authority relationship, skills requirement, conditions of work etc.
- Job analysis
 - Job enlargement
 - Job enrichment
 - Job evaluation
95. A broad statement of the purpose, scope, duties and responsibilities of a particular job is
- Job specification
 - Job description
 - Job analysis
 - Job design
96. An incentive plan may consist of
- Monetary
 - Nonmonetary
 - Both monetary and nonmonetary
 - None of the above
97. Identifying and executing the firm's mission by matching its capabilities with demands of its environment is the firm's:
- Strategic Management
 - Mission statement
 - Vision
 - SWOT analysis
98. Which of the following is a disadvantage of using an executive recruiter?
- many contacts in field
 - adept at contacting candidates who are not on the job market
 - unfamiliar with company perceptions of ideal candidate
 - ability to keep identity of firm confidential
99. In which stage of HR intranet site development are multiple sites linked together to create a seamless experience for the individual?
- Personalized
 - Integrated
 - Transactional
 - Brochure ware
100. Which of the following is not a function normally performed by HR department?
- Accounting
 - Recruitment and Selection
 - Pay and Reward
 - Employee Relations
101. The Michigan Model emphasis the following functions and their inter-relates.
- Selection, recruitment, induction and promotions

- B. Appraisal, rewards, promotions and retention
 C. Selection, recruitment, rewards and promotion
 D. Selection, appraisal, rewards and human resource development
102. Mr. 'A' must decide what positions the firm should fill in the next six months. What activity is Mr. 'A' working on?
 A. Recruitment B. Selection
 C. Personnel planning D. Interviewing
103. The extent to which an employment selection test provides consistent results is known as:
 A. Reliability B. Dependability
 C. Consistency D. Trustworthiness
104. Treating employees as precious human resources is the basis of the approach
 A. Hard HRM B. Soft HRM
 C. Medium HRM D. Utilitarian approach
105. Which of the following approach emphasizes the effect of psychological & Social factors on employees' performance?
 A. Scientific approach B. Rational approach
 C. Human relations approach D. Systematic approach
106. When effort to earn additional income through a second job does not bear fruit, such type of efforts & the consequent results may be called as
 A. Red moon lighting B. Blue moon lighting
 C. Yellow moon lighting D. Silver moon lighting
107. The process of choosing individuals who have relevant qualifications to fill existing or projected job openings is
 A. Screening process B. Selection process
 C. Interview process D. Pre-screening process
108. The scope of HRM does not include
 A. Retirement of employees B. Manpower planning
 C. Training of employees D. Maintenance of accounts
109. Which of these models is not a rational planning approach
 A. Corporate- level strategic planning
 B. Strategic business unit level strategic planning
 C. Procession approach
 D. Operational level strategic planning
110. For closure, every worker is to be compensated with average pay for every year of service completed
 A. 15 days B. 20 days
 C. 25 days D. 30 days
111. Which of the following act represents a situation in which employment decisions are NOT affected by illegal- discrimination?
 A. Fair employment B. Legal compliance
 C. Litigation Process D. Affirmative action

112. _____ is defined as the record of out- comes produced on a specific job function or activity during a specific time period.
- | | |
|----------------|----------------------|
| A. Performance | B. Work function |
| C. Evaluation | D. None of the above |
113. All aspects of the merger need
- | | |
|----------------|---------------|
| A. Controlling | B. Delegating |
| C. Staffing | D. Managing |
114. E-recruiting methods include
- | | |
|------------------------|---------------------|
| A. Internet job boards | B. Career websites |
| C. Employer websites | D. All of the above |
115. HRM is
- | | |
|--|---------------------|
| A. A staff functions | B. A line function |
| C. A staff function, line function and ac- counting function | D. All of the above |
116. Job Evaluation tries to make a systematic comparison between
- | | |
|-------------|----------------|
| A. Workers | B. Jobs |
| C. Machines | D. Departments |
117. The objectives of HRM are categorized as
- | | |
|---|--------------------------|
| A. Personal objectives | B. Functional objectives |
| C. Organisational and social objectives | D. All of the above |
118. Which of the following would likely be the least effective method of recruiting internal job candidates?
- | |
|--|
| A. Posting information on Organisational bulletin boards |
| B. Examining HR records of current employees |
| C. Advertising in national newspapers and journals |
| D. Internal Sources |
119. Recruiting is necessary to
- | |
|--|
| A. forecast the supply of outside candidates |
| B. developing an applicant pool |
| C. determine whether to use inside or out- side candidates |
| D. develop qualifications inventories |
120. When an interviewer prepares a list of questions in advance and asks those question to the candidate to obtain the information from him; it is called
- | | |
|--------------------------------|-------------------------------|
| A. A structured interview | B. A well-organized interview |
| C. A systematic type interview | D. None of the above |
121. _____ tests have proven to be particularly good predictors for jobs that require
- | | |
|------------------|--------------|
| A. Intelligence | B. Integrity |
| C. Work sampling | D. Aptitude |
122. Advertisements through newspapers, TV, radio, professional journals and magazines are methods of recruitment
- | | |
|----------------|------------------|
| A. Direct | B. Indirect |
| C. Third-party | D. E-recruitment |

123. The three phases of recruitment process are
 A. Planning, Implementing, Evaluating B. Planning, Implementing, Screening
 C. Planning, Implementing, Enrichment D. Planning, Screening, Evaluating
124. Job identification is one of the components of
 A. Job specification B. Job design
 C. Job description D. Job evaluation
125. Which of the following is a key HR role
 A. Personnel administrator B. Business ally
 C. Payroll advisor D. Organisational geographer
126. _____ is the personnel activity by means of which the enterprise determines the ex- tent to which the employee is performing the job effectively.
 A. Job evaluation B. Work evaluation
 C. Performance evaluation D. None of the above
127. Which one of the following responsibilities is specifically associated with the HR function of employee relations?
 A. Conducting attitude surveys B. Work analysis
 C. HR information systems D. Job design
128. Once a firm has a pool of applicants, the first step in pre-screening is the
 A. in-person interview B. on-site visit
 C. application form D. telephone interview
129. The following is (are) concerned with developing a pool of candidates in line with the human resources plan
 A. Development B. Training
 C. Recruitment D. All of the above
130. One of the important organizational factors affecting 'Job Design' is
 A. Workflow B. Autonomy
 C. Feedback D. Diversity
131. Which of the following statement represents 'effectiveness'?
 A. Achieve most output in less time B. Achieve mass production
 C. Achieve most output with least input D. Achieve Organisational goals
132. The number of people hired for a particular job compared to the number of individuals in the applicant pool is often expressed as
 A. Application ratio B. Recruitment ratio
 C. Selection ratio D. Employment ratio
133. The three performance counseling phases are
 A. Rapport building, Exploration, Action planning
 B. Support building, Exploration, Action planning
 C. Rapport building, Explanation, Action planning
 D. Rapport building, Exploration, Accurate planning
134. The important objectives of a job evaluation programme
 A. Establishment of sound wage differentials between jobs.

- B. Maintenance of a consistent wage policy.
 C. Installation of an effective means of wage control.
 D. All of the above
135. The Ranking method is best suited for
 A. Complex organizations B. Large organizations
 C. Small organizations D. Any of the above
136. Which of the following is NOT a goal of HRM?
 A. Integration of HRM with the corporate strategy of the Organization
 B. Producing the desired human behavior that helps to achieve Organisations goals
 C. Creation of a flexible environment that can easily adopt change
 D. To endure proper delivery of products
137. The goal of this stage of HR intranet site development is to provide employees with a truly individualized experience based on their individual profiles
 A. Brochure ware B. Transactional
 C. Integrated D. Personalized
138. The following person has suggested the new concept which takes into account various key factors that will tell the overall performance of a job.
 A. Elliot Jecques B. Fred Luthas
 C. Juran D. None of the above
139. The nationwide consumer councils formed by the Government comprise of representatives of
 A. Cost account and consumer B. Various ministries
 C. Manufactures of commerce D. All of the above
140. Which of the following test indicates the person's inclination towards a particular occupation that provides satisfaction to that individual?
 A. Vocational interest test B. Cognitive aptitude test
 C. Personality test D. psychomotor abilities test
141. HR professionals has to be skilled in the art of
 A. Clarifying B. Handling people
 C. Both (A) and (B) D. None of the above
142. The following is (are) the option(s) while planning for surplus
 A. Reassign the jobs B. Redesign the jobs
 C. Reduce work hours D. All of the above
143. Why might there be some difficulty in identifying and applying the Best-practice approach to HRM in Organisations?
 A. Because the best-practice approach tends to be resource- intensive
 B. Because there is much variation in the literature and empirical research as to what constitutes best-practice
 C. Because the best-practice approach would not fit the cost-reduction driven strategies favored by many in short- terms economies.
 D. Because the best-practice approach does not emphasize the individual business context
144. Executive recruiters are also called

- A. head hunters B. staffers
C. alternative staffing companies D. contract technical recruiters
145. Human resource management is the formal part of an organization responsible for all of the following aspects of the management of human resources except
A. systems, processes, and procedures
B. policy making, implementation, and enforcement
C. strategy development and analysis
D. management of the Organization's finances
146. Motivating the employees is classified as
A. Informational role B. Interpersonal role
C. Decisional role D. Conceptual role
147. For forecasting the demand for manpower, the important techniques used are
A. Delphi Techniques B. Statistical Techniques
C. Work Study Techniques D. All of the above
148. The statement which best describes the function of Human Resources Planning is
A. An integrated set of processes, programs and systems in an Organization that focuses on maximizing employee contribution in order to achieve Organisational success
B. The process of ensuring that people required running the company are being used as effectively as possible especially in fulfilling developmental needs in order to accomplish the organization's goals
C. The formal process of familiarizing new employees with the Organization, new job, work units and culture values, beliefs and accepted behavior.
D. The process of effectively and efficiently managing your assets.
149. HRD process variable include
A. Role clarity B. Work planning
C. Better communication D. All of the above
150. Manpower inventory is
A. To find out how manpower is to be utilized
B. To prepare inventory for scheduling manpower
C. The data collected about the present employees of an organization
D. The data as calculated by demand forecast and compared with inventory in respect of manpower

ANSWER KEYS

1.A	2.C	3.A	4.B	5.B	6.C	7.B	8.C	9.D	10.B	11.A	12.A	13.C
14.A	15.A	16.C	17.B	18.A	19.D	20.C	21.A	22.D	23.B	24.D	25.B	26.B
27.B	28.D	29.B	30.B	31.D	32.C	33.C	34.C	35.A	36.B	37.D	38.C	39.D
40.A	41.A	42.A	43.B	44.D	45.C	46.A	47.B	48.B	49.B	50.C	51.D	52.A
53.A	54.A	55.B	56.A	57.D	58.B	59.D	60.A	61.A	62.D	63.A	64.C	65.D
66.A	67.C	68.D	69.C	70.A	71.D	72.B	73.B	74.B	75.C	76.B	77.B	78.C
79.A	80.B	81.A	82.A	83.B	84.C	85.D	86.A	87.C	88.C	89.A	90.C	91.A
92.A	93.A	94.A	95.C	96.C	97.A	98.C	99.B	100.A	101.D	103.A	104.B	105.C
106.B	107.B	108.D	109.C	110.A	111.A	112.A	113.D	114.C	115.A	116.B	117.D	118.C
119.B	120.D	121.A	122.B	123.A	124.B	125.B	126.C	127.A	128.C	129.C	130.A	131.D

132.C 133.A 134.D 135.C 136.D 137.D 138.A 139.D 140.A 141.A 142.D 143.A 144.A
145.D 146.B 147.D 148.B 149.D 150.B

PREVIOUS YEAR QUESTIONS

1. Which of the following statements is true?

1. the concept of wage boards was first enunciated by the Minimum wage committee.
2. A wage board is bipartite in character.
3. Representatives of employers and workers on wage board are appointed by the government after consulting the concerned Organisations.

Choose the correct answer from the codes given below

- a. only 2 b. only 3 c. both 1 & 2 d. 1 2 & 3

2. when employees work longer days in exchange for longer weekends or other days off, it is called

- a. flexy time b. job sharing c. compressed work week d. extended timing

3. Assertion: Promotion is a move within the organization to a higher position that has greater responsibilities and requires more advanced skills.

Reason: Promotion may not involve a raise in status but a hike in salary is a must.

Codes:

- a. A and R both are correct
- b. A and R both are incorrect
- c. A is correct whereas R is incorrect
- d. A is incorrect, whereas R is correct

4. Match the following and select the code of correct matching.

LIST-I	LIST-II
A. Identification of leadership potential.	1. vocational tests
b. Finding most suitable area of working	2. aptitude tests
c. discovering interest and potential for acquiring skills.	3. intelligence tests
d. measuring capacity to think, learn and draw relationships.	4. personality tests

Codes

- | | | | | |
|----|---|---|---|---|
| | A | B | C | D |
| a. | 4 | 3 | 2 | 1 |
| b. | 1 | 2 | 3 | 4 |
| c. | 4 | 1 | 2 | 3 |
| d. | 1 | 3 | 2 | 4 |

5. Which of the following is a facility to file anonymous complaints?

- a. Juke box b. Wide box c. Gripe box d. Hard box

6. Which of the following is not gain sharing plans.

1. Scanlon plan 2. Rucker plan c. Employees stock option plan d. Improshare plan

Codes

- a. only 3 b. only 4 c. both 3 and 4 d. 2 3 and 4

7. Who pays the lay-off compensation to a workman?

- a. employer b employees state insurance corporation

c. state government

d. central government

8. In which of the following, the payment of bonus is linked to performance of specific employees of group of employees?

1. profit sharing

2. Gain sharing plans

3. Social system plans

Codes

a. only 1

b. only 2

c. both 1 and 2

d. 1 2 and 3

9. Arrange the following steps of training and development process in the right sequence.

1. need analysis

2. Validation

3. Evaluation

4. Implement the programmer

5. instructional design

Codes

a. 1 5 4 3 2

b. 1 5 3 2 4

c. 1 5 2 4 3

d. 1 2 5 3 4

10. Which one of the following is related to standard of personnel?

a. job specification

b. job description

c. job design

d. job evaluation

11. If an employee desires to pay more than the minimum required contribution under the Employees Provident fund and miscellaneous provisions act 1952, then

a. employee shall also pay an account equal to the total contribution of employee

b. employer shall pay only half of the additional contribution of employee

c. employer is under no obligation to pay the additional contribution.

d. the act is silent regarding this matter.

12. An interview, in which applicant is interviewed sequentially by several persons and each rates the applicant on standard form is called

a. unstructured sequential interview

b. structured sequential interview

c. job related interview

d. mass interview

13. Which of the following is not correct about voluntary retirement scheme in public enterprise?

a. it was designed to help enterprises renationalize their surplus manpower.

b. salary for the purpose of VRS consists of basic pay

c. benefits are in addition to money that has accrued to provident fund

d. benefit is tax free severance payment.

14. Which of the following is not a basic feature of scanion plan?

a. philosophy of competition

b. identity

c. competence

d. involvement system

15. most job description contains sections that cover

a. responsibilities and duties

b. job summary

c. working conditions

d. all of the above

16. Statement I In competency or skill-based pay, employees are paid for the range, depth and types of skills and knowledge they are capable of using rather than for the job they currently hold.

Statement II Broad banding results into increase in salary grades and ranges from 3 or 5 or 10 or more.

Codes

a. only statement I is correct

b. only statement II is correct

c. both statements are correct

d. both statements are incorrect

17. Which of the following is not a labour law related to wages?

- a. Workmen's compensation act 1923 b. the payment of bonus act 1965
c. the payment of wages act 1936 d. the minimum wages act 1948

18. which of the following media will be most suitable when a company wants to limit recruiting to a specific area?

- a. radio and television b. magazines
c. newspaper d. internet

19. Which one of the following statement is not true in the case of Human Resource Management?

- a. it performs developmental function b. employees are motivated by salary
c. it is proactive in nature d. it consists of various sub-systems

20. match the items given in the list I and List II and choose the correct option

List-I	List-II
a. personnel replacement chart	1. a chart prepared for each position in a company to show possible replacement candidates and their qualifications
b. job positing	2. the ongoing process of systematically identifying assessing and developing orgainsational leadership to enhance performance
c. succession planning	3. company records showing present performance and promo ability of inside candidates for the most important positions
d. position replacement card	4. publicizing an open job to employees and listing its attributes, like qualifications, supervisor, working, schedule etc.

Codes

	A	B	C	D
a.	2	1	3	4
b.	3	1	4	2
c.	4	2	1	3
d.	3	4	2	1

ANSWER KEYS:

1=B	2=D	3=C	4=C	5=C	6=A	7=A	8=B	9=C	10=A
11=C	12=B	13=B	14=A	15=D	16=A	17=A	18=C	19=B	20=D

PRACTICE SETS

1. Human resource is the most important _____ in an organization.

- a. asset b. liability c. capital d. none of these

2. The ultimate responsibility for HRM activities rests with

- a. sales manager b. personal manager c. each manager d. none of the above

3. Human relations theory focuses on

1. individual 2. System 3. Role of individual
4. Orgainsational structure 5. informal group

Select the correct answer using the codes given below

- a. 1 2 5 b. 4 5 c. 3 d. 2 4
4. Human relations approach to management was originate by
a. Henry Fayol b. FW Taylor c. Elton Mayo d. Peter F Drucker
5. Which of the following does not consists in human relations?
a. Motivation b. Morale c. Communication d. Competition
6. Mechanism of human resource development includes
a. Job redesign b. Rewards
c. Human resource information system d. all of the above
7. Demand for workforce is not modified by which of the following factor?
a. retirements b. Termination
c. Resignations and deaths d. promotions
8. External challenges for forecasting the demand for human resources is
a. economic development b. political, legal, social and technical changes
c. both a and b d. none of the above
9. Which of the following is an approach to employer-employee relations?
a. Psychological approach b. Critical approach
d. Social approach d. Both a and b
10. Human resource management emphasizes
a. Dvelopment of people b. Punishment of people
c. adoption of people d. none of these
11. Which of the following statement is correct?
1. Human resource management is a strategic management function.
2. Under human resource management, employee is treated as a resource
3. Human rsource management is the management of employees skills, talents and abilities
- Codes
a. 2 b. 1 2 c. 1 d. all of these
12. Which one of the following does not include under the function of human resource management?
a. planning b. organizing c. recruitment d. profitability
13. Which of the following statements are correct?
1. Re-engineering iplies a slow and steady change in an organization.
2. The content, in which human resource are managed in today's Organisations are constantly changing.
3. Employing contract labour is an example of proactive human resource management.
- Select the correct answer using the codes given below
a. 1 b. 2 3 c. 2 d. all of the above
14. Human relations theory has been criticized on the ground that
1. The theory over emphasizes the human aspects of the organization.
2. It fails to take into consideration the inherent conflict between management and owners.
3. it lacks in decision making.
4. it lacks in facilitating control
5. it views organization on a close system.
- Which of the following statements given above are correct?

- a. 1 3 b. 2 4 c. 1 4 d. 1 2

15. Objectives of HR planning does not include

- a. forecast personnel requirements
- b. rigid with changes
- c. use existing manpower productively and promote employees in a systematic manner.
- d. all of the above

16. Which of the following is not a typically used procedure to reduce the total number of employees?

- a. lay off b. terminations
- c. dawn tuens d. early retirement inducement

17. A commonly encountered stumbling block to successful HRP is

- a. a reliance on organizational goals as basic input to the process
- b. the incorporation of operating managers in the process
- c. the use of quantitative forecasting techniques
- d. an overly complicated initial efforts

18. HR needs can be estimated by examining past trends in

- a. trend analysis technique b. computer model technique
- c. mathematical model technique d. none of the above

19. _____ technique uses historical rated of promotions, transfer and turnover to estimate future availabilities in the workforce.

- a. trend analysis b. market analysis
- c. staffing table d. none of the above

20. A chart showing future employment needs for each type of job is called

- a. staffing table b. replacement chart
- c. skill inventories d. none of the above

21. An executive inventory report showing which individuals are ready to move into higher positions in the company is called

- a. succession planning b. human resource planning
- c. replacement planning d. none of the above

22. HRM is a managerial perspective which argues the need to establish an integrated series of personnel policies to support organizational strategy. Who said this

- a. Bratton and Gold b. Buchanan and Huczynski
- c. Storey d. None of the above

23. Consider the following statements

- 1. HRM views people as an important asset to be used for the benefit of the organization
- 2. HRP helps to communicate HR policies to all employees
- 3. HRP is forward looking

Which of the statement given above is correct.

- a. 1 b. 1 3 c. 3 d. all of the above

24. Consider the following statements

- 1. The second step in HRP is supply forecasting
- 2. Retention plan provide the scope for challenging creative and innovative work
- 3. Training is understanding and interpretation of knowledge

Which of the statement given above is correct

- a. 1 b. 2 c. 1 2 d. all of the above

25. Arrange the following steps of human resource planning in correct order.

1. supply forecasting
2. analyzing the organizational plans.
3. estimating the net human resource requirement
4. forecasting the overall human resource requirements

Codes

- a. 4 3 2 1 b. 2 4 1 3 c. 3 1 4 2 d. 1 3 2 4

26. Arrange the following steps of human resource planning in correct order.

1. action plan for recruitment, development etc.
2. action plan for redeployment redundancy retrenchment.
3. modify the organizational plan,
4. forecast future supply from all the sources

Codes

- a. 3 2 1 4 b. 2 4 1 3 c. 4 3 2 1 d. 3 1 4 2

27. Which of the following statement is correct?

- a. there is no restriction on the number of candidates in case of selection.
- b. internal sources of recruitment is costly
- c. HRM is a much broader concept and staffing is an inherent part of it
- d. all of the above

28. Which of the following statement is correct?

- a. the managerial functions and operating functions of human resource management are performed in conjunction with each other.
- b. operating function provides medical aid to employees
- c. bonus can be given to an employer also
- d. all of the above

29. Which of the following statement is incorrect?

- a. Human resources planning aims at optimum utilization of the resources
- b. Internal sources of recruitment facilitates boosting of employees morale
- c. external sources of recruitment is a costly process
- d. none of the above

30. Which of the following statement is correct?

- a. HRM has replaced the traditional concepts of labour welfare and personnel management
- b. human resource personnel does not recruit the personnel
- c. the role of labour welfare officer was not limited to welfare activities of employees
- d. none of the above

31. The best way of recruiting is always

- a. walk-ins b. advertisement
- c. variable d. renewals

32. The primary source of information for recruiting is

- a. job analysis b. managerial interviews
- c. recruiter themselves d. none of the above

33. aptitude tests measure

- a. an applicants capacity and his potential for development
- b. the individuals learning ability

- c. the skill already acquired by the individuals
- d. none of the above

34. The most common constraints on recruiting include all but
- a. image of a firm
 - b. budgetary support
 - c. interviewing
 - d. government policies

35. Internal sources of recruitment include
- a. direct recruitment
 - b. re-employment of ex-employees
 - c. casual callers
 - d. all of the above

36. The external source of recruitment are
- 1. lay-off
 - 2. Causal callers
 - 3. recommendations
 - 4. Campus recruitment
- Select the correct answer using the codes given below
- a. 1 2
 - b. 1 2 3
 - c. 1 4
 - d. 2 3 4

37. Recruitment is concerned with the process of
- a. selection of right candidate
 - b. developing a pool of potential employees
 - c. inviting applications for jobs
 - d. none of the above

38. Ultimately selection decisions are based on
- a. turnover potential
 - b. human resource plans
 - c. performance issues
 - d. none of the above

39. The most reliable and valid tests are generally
- a. attitude tests
 - b. intelligence tests
 - c. performance tests
 - d. none of these

40. the test is reliable, if a person
- a. scores differently than others taking the same test
 - b. scores the same at two or more different point in time
 - c. scores the same as others taking the same test
 - d. none of the above

41. _____ are important sources of clerical and managerial personnel.
- a. employment exchange
 - b. search firms
 - c. vocational school
 - d. none of these

42. Which of the following is not the internal source of recruitment?
- a. promotion
 - b. transfer
 - c. trainee
 - d. placement

43. Which of the following challenges are faced by recruiters?
- a. environmental conditions
 - b. affirmative action plans
 - c. both a and b
 - d. none of the above

44. Which of the following are types of a selection test?
- a. personality test
 - b. aptitude test
 - c. mentality test
 - d. all of these

45. The advantages of the lecture method include
- a. economy
 - b. feedback
 - c. participation
 - d. all of these

46. A frequency used analysis for determining training needs involves
 a. organizational analysis b. task or role analysis
 c. person analysis d. physical resource analysis
47. In creativity training, trainees often focus on
 a. breaking away b. generate new ideas
 c. delaying judgement d. rigidity
48. The human resource system does not cover under training and development
 a. recruit and select b. Job design and evaluation
 c. Train and develop d. Demotion
49. Objective training does not include
 a. favorable reaction to change b. increased productivity
 c. increased morale d. increased competition
50. Transfer of executives from one location to another is called
 a. job rotation b. job displacement
 c. mentoring d. none of these
51. Which of the following is an on-the-job method of training
 a. internship b. apprenticeship
 c. coaching d. lecture
52. Method of training suitable for plumbers, electricians or iron worker is
 a. coaching b. vestibule training
 c. apprenticeship programmer d. none of the above
53. Which of the following relates to training workers?
 a. job rotation b. induction
 c. vestibule d. task
54. An interview conducted at the time of an employee leaving the organization is called
 a. exit interview b. feedback interview
 c. convincing interview d. directed interview
55. Arrange the following steps involved in recruitment and selection procedure in correct order
 1. application blank 2. Interviewing
 3. requisition 4. Medical test
 5. On the job test & selection 6. Psychological test
 7. Recruitment 8. Trade test
- Codes
 a. 3 1 4 2 8 5 7 6 b. 2 4 6 8 1 3 5 7
 c. 3 7 1 8 6 2 4 5 d. 1 2 3 4 5 6 7 8
56. Which of the following statement is not correct?
 a. external sources of recruitment are time consuming
 b. through external sources of recruitment existing staff, is motivated to improve their performance.
 c. both a and b
 d. none of the above
57. Input to the selection process include all except

- a. Job analysis
- b. job application
- c. Human resource planning
- d. Supervision

58. Which of the following are true regarding internal sources of recruitment?

- 1. Economical
- 2. suitable for picking the right candidate having requisite skill
- 3. wide choice
- 4. Discourages entry of talented people.

Select the correct answer using the codes give below

- a. 1 2
- b. 1 2 4
- c. 3
- d. all of the above

59. A private employment agency that maintains computerized list of qualified applicants and supplies, these to employers for a fee is called

- a. employment exchange
- b. search firms
- c. outsourcing
- d. none of the above

60. Which of the following statements is incorrect?

- a. intelligence tests are used to evaluate occupational proficiency
- b. Employment tests are meant to screen out unsuitable conditions
- c. both a and b
- d. none of the above

61. Consider the following statements.

- 1. external sources of recruitment offer wider choice of candidates.
- 2. advertisement is an internal source of recruitment.
- 3. transfer is an internal source of recruitment.

Which of the following statements given above is correct?

- a. 2 3
- b. 3
- c. 1 3
- d. all of the above

62. The objectives of the selection decision is to choose the individual who can most successfully perform the job from the pool of

- a. qualified candidates
- b. unqualified candidates
- c. qualified expert
- d. none of the above

63. Consider the following statements.

- 1. selection is a positive process.
- 2. selection ensures that the organization gets the best among the availability.
- 3. Selection leads to a contract of service between the employer and employee.

Which of the statements given are correct?

- a. 1
- b. 2 3
- c. 1 3
- d. all of the above

64. Which of the following statements are incorrect?

- a. interest tests are used to know the investment of a person for the job
- b. aptitude test measures the actual skills possessed
- c. both a and b
- d. all of the above

65. Consider the following statements.

- 1. Invitation of interested people
- 2. preparing the list of deserving applicants.
- 3. Requisition of employees
- 4. Identification of the sources of recruitment

Which of the following statements given are correct.

- a. 1 3 2 4
- b. 3 2 4 1
- c. 4 3 1 2
- d. 3 4 1 2

66. Arrange the following steps of selection process in correct sequence.

1. preliminary screening and interview
2. job offer and contract of employment
3. selection test and employment interview
4. selection decision and medical examination

Codes

- a. 1 2 3 4 b. 1 3 4 2 c. 1 3 2 4 d. 1 4 3 2

67. Which among the following is a part of psychological tests?

1. aptitude test
2. General knowledge test
3. personality test
4. Trade efficiency test

select the correct answer using the codes given below

- a. 1 2 b. 1 3 c. 2 4 d. 2 3 4

68. Personality test aim at

1. measuring the basic makeup of the individual.
2. Measuring the candidates skill and knowledge
3. Measuring the learning capacity of a candidate
4. measuring the ability candidate how he or she interact with others, how much he or she influence and motivate them,

Which of the statements given above are correct?

- a. 1 2 b. 1 4 c. 1 2 4 d. 2 3 4

69. _____ - involves a continuous flow of instruction, comments and suggestions from the manager to the subordinate.

- a. coaching
- b. understudy
- c. behavior modelling
- d. none of the above

70. _____ is employed to develop a situation that is close to reality, where people learn by doing things.

- a. simulation method
- b. understudy method
- c. in basket method
- d. none of the above

71. training does not involves

- a. identification of training needs of the individuals and the company.
- b. developing suitable training programmes
- c. evaluating the effectiveness of training programmes
- d. demoralization of employees

72. the career planning and development process if also part of comprehensive organization development

- a. process b. project c. both a and b d. none of these

73. Training and development refers to the total structure of on the job training systems used by the

- a. candidates b. organization c. expert d. none of these

74. Consider the following statements.

1. Training is required at different levels, namely for unskilled worker, semi-skilled workers, skilled workers, office, staff, supervisory staff and managerial.
2. semi-skilled workers are selected amongst the unskilled workers who have made themselves convergent with the handling of the machine.
3. Management training has become an essential activity of every firm.

4. Training programmes should not be periodically evaluated to determine its effectiveness. Which of the following statements given above is correct?

- a. 1 2 b. 1 2 3 c. 2 d. all of these

75. The method and process of training should be _____ related to needs and objectives of an organization.

- a. directly b. indirectly c. equally d. none of the above

76. A process by which participants provide their ideas on a stated problem during a free group discussion is called

- a. brain storming b. coaching c. business game d. behavior modelling

77. Arrange the following steps involved in training programmer in correct order.

- | | |
|---|-------------------------------|
| 1. presentation of operations and knowledge | 2. getting ready for the job |
| 3. follow-up | 4. performance try out |
| 5. preparation of the learner | 6. Discovering training needs |

Codes

- a. 6 2 5 1 4 3 b. 3 1 5 6 4 2 c. 6 1 5 3 4 d. 1 2 4 5 3 6

78. which of the following statements is incorrect?

- a. development imports technical, human and conceptual skills
b. training is manager centered
c. development is a continuous activity
d. none of the above

79. Which of the following are considered as development function of human resource development?

- | | |
|------------------------------------|--------------------------|
| 1. training | 2. Executive development |
| 3. career planning and development | 4. Pay and allowance |

Select the correct answer using the codes given below

- a. 1 2 3 b. 1 3 5 c. 2 3 4 d. 2 3

80. Which of the following statement is not true?

- a. education is the process of increasing the knowledge and understanding of employees
b. education develops future managers
c. lectures, conferences are the methods used in development
d. none of the above

81. Which of the following statements are incorrect?

- a. job rotation facilitates easy promotions, replacements or transfers
b. selection seeks to attract suitable applicants to apply for available jobs
c. training is jon oriented process
d. all of the above.

82. Which of the following statements is correct?

1. training imparting skill for doing a particular job.
2. Training and development involve all round knowledge of present and future
3. training and development programme are organised for short or larger period of time.
4. Development is associated with the overall growth of the executive

Select the correct answer using the codes given below

- a. 1 2 3 b. 3 4 c. 1 4 d. 1 2

83. Making progress in one's career through a series of right moves is called

- a. career progression b. career development

- c. career planning d. none of the above
84. A condition of stagnating in ones current job is called
a. mid-career crisis b. plateauing
c. reality shock d. none of these
85. Creer progress largely depends on
a. performance b. experience
c. qualification d. all of these
86. All employees have _____ career goals
a. similar b. dissimilar
c. no d. none of these
87. people pursue careers to satisfy deeply
a. individual needs b. organizational needs
c. leadership skills d. none of the above
88. succession planning must be ___ - with the future strategic direction of the company.
a. consistent b. inconsistent
c. in accordance d. both a and c
89. career planning is the responsibility of
a. government b. career counsellors
c. the employer d. the sponsor
90. which of the following words does not decrease perception?
a. a passive process b. a psychological process
c. no direct contact with the physical world d. using sense organs
91. group are called _____ if jobs are similar
a. classes b. grades
c. scales d. roles
92. the ability of one person to influence another is _____.
a. power b. responsibility
c. authority d. none of these
93. Which of these suggestions is not an effective way to deal with stress?
a. meditation b. aggressiveness
c. talking with others d. all of the above
94. a concern or value that employee will not give up, if a choice has to be made is called
a. career path b. career anchors
c. career survival d. career dynamics
95. The less of employees, who quit an organization for various reasons?
a. downsizing b. retrenchment
c. attrition d. none of the above
96. succession management focuses attention on creating and attacking pool of candidates with _____ leadership potential.
a. high b. low c. no d. different

97. a programme that encourages young managers with high potential to remain within an organization by enabling them to advance more rapidly than those with less potential.
- fast track programmer
 - career development workshop
 - career mentoring
 - none of the above
98. Which of the following statements are correct?
- all employees have similar career goals
 - good performance is always recognized by managers
 - career planning helps the managements of a diverse workforce
 - all of the above
99. consider the following statements
- career planning helps the management of a diverse workforce
 - all employees have similar career goals
- Which of the statements given above is correct?
- 1
 - 1 2
 - 2
 - none of the above
100. arrange the following in chronological order about steps of succession planning process.
- document and implement succession plans.
 - identify competencies
 - identify critical positions
 - identify succession management strategies
- Codes
- 4 1 2 3
 - 3 2 4 1
 - 2 4 1 3
 - 1 3 2 4
101. arrange the following in chronological order about steps of succession planning in a correct order.
- evaluate effectiveness
 - document and implement succession plans
 - identify succession management strategies
- Codes
- 3 2 1
 - 1 2 3
 - 2 3 1
 - 3 1 2
102. consider the following statements.
- employees only have themselves to blame for stalled careers
 - all employees have similar career goals
 - career development aims at tracking career sponsor
- Which of the statements given above is correct?
- 2
 - 1 2
 - 1
 - none of the above
103. Which of the following personality characteristics are associated with people who are likely to exhibit violent behavior on the job?
- neurotic
 - extraverted
 - optimistic
 - type A
104. The field of organizational behavior examines such questions as the nature of leadership, effective team development and
- Inter-personal conflict resolution
 - organisational control, conflict management
 - motivation of individuals, planning
 - planning development
105. we can define _____ as activities people performs to acquire, enhance and use power and other resources to obtain their preferred outcomes in a situation of uncertainty or disagreement.

- a. organizational politics
- c. collective bargaining

- c. executing authority
- d. position power

106. stress can affect not only your health but also other aspects of your life. What else can be affected by stress?

- a. family relationships
- c. both a and b

- b. work performance
- d. none of these

107. chronic stress is the stress that wears at people day after day. Which of these is an example of chronic stress?

- a. an unhappy marriage
- c. both a and b

- b. ongoing money problems
- d. none of the above

Directions (Q Nos 108 – 111) In the questions given below are two statements labelled as Assertion and Reason. In the context of two statements, which one of the following is correct?

- a. both A and R are true
- b. both A and R are false
- c. A is true but R is false
- d. A is false but R is true

108. Assertion HR planning is essential to determine the future manpower needs in an organization.

Reason It would be difficult to have the services of right kind of people at the right time in absence of HR planning.

109. Promotion is time based rather than service based in case of recruitment from internal sources.

Reason Length of service based promotion is blessing for efficient candidates.

110. Assertion Organisational policies set to achieve uniformity, economic public relation benefits or other objectives that are sometimes related to recruiting.

Reason Promote from within policies are intended to give present employees the first opportunity for job openings.

111. Assertion Succession planning is hiring from within

Reason Purpose of succession planning is to identify and develop people to replace current job holders in key positions. It ensures steady flow of internal talent to fill important vacancies

Directions (Q Nos 112 – 119) In the questions given below are two statements, which one of the following is correct?

- a. both A and R are true and R is the correct
- b. both A and R are true but R is not the correct explanation of A
- c. A is true but R is false
- d. A is false but R is true

112. Assertion Human resource help organization to reach its goal.

Reason Human resource manager need to get the right people into right place at the right time.

113. Assertion Each role must have enough stresses which may help the role occupant to stretch himself to meet the challenge. In the role where the scope is limited to routine work, the role occupants do not perceive any challenge.

Reason While every role has some routine elements., challenge can also be incorporated into every role, however, the challenge should not exceed an optional limit, otherwise it may produce dysfunctional stress, resulting in poor performance or damage to the health of the employee in the long run.

114. Assertion Human resource management helps organization to reach its goals.
Reason Human resource management helps to communicate HR policies to all employees.

115. Assertion Human resource planning helps to forecast personnel requirement.
Reason Human resource planning is backward looking.

116. Assertion Education is broader in scope than training.
Reason Education is understanding and interoretations of knowledge.

117. Assertion Development means mental growth of an employee.
Reason Development is described as non-executive development.

118. Assertion Selection is a comprehensive process, negative in nature.
Reason Selection started from psychological test and end with medical examination.

119. Assertion : Recruitment is a negative process
Reason: Large number of persons are attracted to submit their application in process of recruitment.

120. Match the following

List-I	List-II
a. productivity	1. process of integrating the employees needs and aspirations with organizational needs
b. effective	2. using the minimum amount of resources to produce goods and services
c. efficient	3. producing the right goods or services society which deem as appropriate
d. career planning	4. the ratio of an organizations output to its inputs

Codes

	A	B	C	D
a.	4	3	2	1
b.	3	4	2	1
c.	1	2	3	4
d.	3	2	1	4

121. Match the following

List-I	List-II
--------	---------

a. markov analysis	1. files of personnel education, experience, interest, skill etc that allow managers to quickly match job openings with employee backgrounds
b. replacement chart	2. study of firms past employment needs over a period of years to predict future needs.
c. skill inventories	3. method for tracking the pattern of employee movements through various jobs
d. trend analysis	4. a profile of job holders department wise and offers a snapshot of who will replace if there is a job openings.

Codes

	A	B	C	D
a.	3	4	1	2
b.	4	3	1	2
c.	2	1	3	4
d.	3	1	4	2

122. Match the following

List-I	List-II
a. human resource planning	1. putting the right person to the right job
b. aptitude test	2. a nominal amount which the candidates carrying intership get
c. staffing	3. knowing how many persons and of what type of organisation needs to perform various jobs and accomplishment of organizational goals
d. stipend	4. measure of individuals potential for learning new skills

Codes

	A	B	C	D
a.	4	3	2	1
b.	3	4	1	2
c.	2	1	4	3
d.	4	1	2	3

123. Match the following

List-I	List-II
a. Buchanan and Hucznski	1. Planning, organizing, controlling of procurement development,

	compensation, integration of human resource to the end that objectives are achieved.
b. Storey	2. HRM is the process by which management determines how the organization should move from its current manpower position to its desired manpower position.
c. Flippo	3. HRM is a managerial perspective which argues the need to establish an integrated series of personnel policies to support organizational strategy.
d. Vetter	4. HRM is a distinctive approach to employment management, which seeks to achieve competitive advantage through the strategic development of a highly committed and capable workforce.

Codes

	A	B	C	D
a.	4	3	2	1
b.	3	4	1	2
c.	2	3	4	1
d.	4	1	2	3

124. Match the following

List-I	List-II
a. human resource	1. its objective is to create a pool of the prospective job candidates
b. Human resource planning	2. it involves growth of an employee in all respects
c. development	3. get qualified people at right time
d. recruitment	4. it focuses on managing physical and emotional capital of employees

Codes

	A	B	C	D
a.	4	3	2	1
b.	2	3	4	1
c.	3	1	4	2
d.	4	3	1	2

125. Match the following

List-I	List-II
a. assessment center	1. informing applicants about all

	aspects of the job, including both its desirable and undesirable facts
b. test	2. a standard objective measure of a persons behavior, performance or attitude
c. simulation	3. a technique that evaluates employee potential through multiple type of group and individual exercises and multiple rates
d. Realistic Job or preview	4. A test duplicates many of the activities and problems, an employee faces while at work

Codes

	A	B	C	D
a.	3	2	4	1
b.	2	1	3	4
c.	1	2	3	4
d.	4	1	3	2

126. Match the following

List-I	List-II
a. recruitment	1. It is a recommendation from a current employee regarding a job applicant
b. employee referral	2. the process of picking individuals who have relevant qualifications to fill jobs in an organization
c. selection	3. the process of finding and attracting capable applicants for employment
d. campus recruitment	4. it is a method of recruiting by visiting and participating in college campuses and placement centre

Codes

	A	B	C	D
a.	1	2	3	4
b.	3	1	2	4
c.	2	1	3	4
d.	4	1	2	3

127. Match the following

List-I	List-II
a. transfer	1. Internet is becoming a common source of recruitment
b. advertisement	2. it helps the Organisations to recruit

	technical professional and managerial personnel
c. web publishing	3. it gives the management a wider range of candidates from which to choose
d. management consultants	4. it can also be used for training of employees in learning different jobs

Codes

	A	B	C	D
a.	4	3	2	1
b.	4	3	1	2
c.	2	1	4	3
d.	3	1	4	2

128. Match the following

List-I	List-II
a. on-the-job training	1. under this method, trainee is separated focused on learning the material related to his future performance
b. off the job training	2. mostly the executive training is done on the job. An executive is expected to learn his work while working
c. understudy method	3. the executive under this method is assigned an understudy or an assistant, who in addition to his regular duties is expected to acquire some familiarity with the tasks and practices of his superior.
d. role playing method	4. under this method, an employee learn by playing a role in dramatic setting which corresponds to his work.

Codes

	A	B	C	D
a.	1	2	3	4
b.	2	1	3	4
c.	2	3	4	1
d.	4	2	3	1

129. Match the following

List-I	List-II
a. job rotation	1. the process of diagnosing present problems and future challenges to be

	met through training and development
b. needs assessment	2. moving employees to various position in the organization to expand their skills, knowledge and abilities
c. job instruction training	3. a broader long-term function educational programmer offered to carry out non-technical functions more effectively
d. development	4. a systematic approach consisting of preparing the trainees presenting the instruction, having trainees try out the job and placing trainees on the job with a designated resource person.

Codes

	A	B	C	D
a.	2	1	4	3
b.	1	2	3	4
c.	2	4	1	3
d.	4	3	1	2

130. Match the following

List-I	List-II
a. Dale Yoder	1. The process by which management determines how the organization should move from its current manpower position to its desired manpower position.
b. beach	2. training is the process by which manpower is filed for the particular jobs it is to perform
c. Flippo	3. Training is the organized procedure by which people learn knowledge and skills for definite purpose
d. Vetter	4. Training is the act of increasing the knowledge and skill of an employee for doing a particular job

Codes

	A	B	C	D
a.	4	3	2	1
b.	2	3	4	1
c.	3	1	4	2
d.	4	3	1	2

ANSWER KEYS

1=A	2=C	3=B	4=D	5=D	6=A	7=D	8=C	9=D	10=A
11=A	12=D	13=B	14=D	15=B	16=C	17=D	18=A	19=B	20=A
21=A	22=B	23=B	24=A	25=B	26=B	27=C	28=A	29=D	30=A
31=C	32=A	33=A	34=C	35=B	36=B	37=B	38=C	39=C	40=B
41=B	42=D	43=C	44=B	45=A	46=D	47=D	48=D	49=D	50=D
51=A	52=C	53=C	54=A	55=C	56=B	57=D	58=C	59=B	60=A
61=C	62=A	63=B	64=B	65=D	66=C	67=B	68=B	69=A	70=A
71=D	72=A	73=B	74=B	75=A	76=A	77=A	78=B	79=A	80=B
81=B	82=C	83=A	84=B	85=A	86=B	87=A	88=D	89=C	90=A
91=A	92=A	93=B	94=A	95=C	96=A	97=A	98=C	99=A	100=B
101=A	102=D	103=A	104=A	105=A	106=C	107=C	108=A	109=C	110=A
111=A	112=A	113=A	114=A	115=C	116=A	117=B	118=C	119=D	120=A
121=A	122=B	123=B	124=A	125=A	126=B	127=B	128=B	129=A	130=B

UNIT-6

ACCOUNTING

1. The term budget is derived from the French word -----

- (a) Boget
- (b) Bougette
- (c) Bogeget
- (d) None of these

Ans : b

2. Profit will be the same under absorption costing and marginal costing only when -

- a) There is no opening or closing stocks,
- b) There is only closing stocks,
- c) There is only opening stocks,
- d) Opening stocks are lower than closing stocks.

Ans : a

3. Contribution is -

- a) Sales - total cost,
- b) Sales - variable cost,
- c) Sales - fixed cost,
- d) None of these.

Ans : b

4. Which one of the following statement is incorrect?

- a) Fixed costs are not included in the valuation of stock under marginal costing,
- b) The technique of marginal costing is also known as variable costing,
- c) Contribution is also known as marginal income,
- d) Absorption costing is more suitable for decision taking than marginal costing.

Ans : d

5. Which one of the following statement is incorrect?

- a) Marginal costing is a method of ascertaining cost,
- b) Marginal costing technique is used by the management for decision making,
- c) In marginal costing, cost are classified into variable and fixed cost,
- d) Sales above break-even point indicate profits.

Ans : a

6. Which one of the following statement is incorrect?

- a) P/V ratio indicates profitability,
- b) Sales below break-even point means profit,
- c) Margin of safety indicate profit,
- d) Contribution margin = sales x P/V Ratio.

Ans : b

7. Which of the following are characteristics of the budgetary control?

- a) establishment,
- b) Co-ordination,
- c) Continuous comparison,
- d) None of these.

Ans : d

8. Which one of the ratio is not included under the budgetary control ratio?

- a) activity ratio,
- b) capacity ratio,
- c) productivity ratio,
- d) cash ratio.

Ans : d

9. Master budget is prepared by the

- a) committee,
- b) manager,
- c) employee,
- d) none of these.

Ans : a

10. Which one of the following statement is not correct?

- a) all cost concepts are not relevant in decision-making,
- b) a manager is frequently required to make decision which involve alternative choice,
- c) decision-making is a future oriented activity,
- d) all cost are relevant in decision-making.

Ans : d

11. Which of the cost is related with decision making?

- a) fixed cost,
- b) marginal cost,
- c) full cost,
- d) none of these.

Ans : b

12. Which one of the factor is not influencing pricing decision?

- a) market force,
- b) trade customs,
- c) management's pricing strategy,
- d) orders.

Ans : d

13. The net profits will be maximized when contribution is -

- a) maximized,
- b) minimized,
- c) equal,
- d) none of these.

Ans : a

14. Responsibility accounting seeks to establish a relationship between planning and controlling by -

- a) establishing a system of collective responsibility,
- b) fixing organizational responsibilities for profit planning and control,
- c) dividing standards of work performance,
- d) controlling cost and performance.

Ans:

15. Responsibility accounting is a system of where responsibility is assigned for the control cost.

- a) control,
- b) management,
- c) reduce,
- d) all of these.

Ans : a

16. Which one of the centre is not a part of responsibility centre?

- a) expense centre,
- b) revenue centre,
- c) profit centre,
- d) stock centre.

Ans : d

17. Each responsibility centre is put under the charge of a responsibility -

- a) manager,
- b) accountant,
- c) employee,
- d) all of these.

Ans : a

18. Which one of the following is not essential for a sound system of budgetary control?

- a) chart,
- b) budget centre,
- c) budget,
- d) flexibility.

Ans : d

19. Which of the following statement is correct?

- a) marginal costing technique is used by management for decision making,
- b) in marginal costing, cost are classified into variable and fixed cost,
- c) a firm earn no profit or incurs no loss at BEP,

d) all of these.

Ans : d

20. Which of the following statement is correct?

- a) BEP is the point at which total revenue is equal to total cost,
- b) Contribution margin = Sales x P/V ratio,
- c) BEP is the point at which total revenue is equal to total cost,
- d) all of these.

Ans : d

21. Which of the following statement is correct?

- a) break-even chart is the graphic representation of cost-volume profit relationship,
- b) angle of incidence is the angle formed by the sales line and the total cost line at the BEP,
- c) marginal cost is same as variable cost,
- d) all of these.

Ans : d

22. Which of the following statement is true?

- a) in marginal costing, managerial decisions are guided by contribution rather than by profit,
- b) MOS indicates profit,
- c) profit volume ratio indicates profitability,
- d) all of these.

Ans : d

23. Which of the following statement is false?

- a) marginal costing is a method of ascertaining cost,
- b) a firm incurs a loss when contribution is equal to fixed cost,
- c) Contribution is always equal to fixed cost,
- d) all of these.

Ans : d

24. Which of the following statement is false?

- a) a firm earn profit when contribution is equal to fixed cost under variable cost,
- b) MOS implies BEP,
- c) if the margin of safety is high, actual sales are very near to the breakeven sales,
- d) all of these.

Ans : d

25. Given, fixed cost = Rs.200000, variable cost = Rs.5, sales price = Rs.10 per unit. Find out BEP (in units) -

- a) 40000,
- b) 60000,
- c) 30000,
- d) 45000.

Ans : a

26. Given, fixed cost = Rs.200000, variable cost = Rs.5, sales price = Rs.10 per unit. If selling price is reduced by 10%, the new BEP will be -

- a) 50000,
- b) 40000,
- c) 75000,
- d) 49000.

Ans : a

27. The P/V ratio on X Co. Ltd. is 40% and its MOS is 50%. Find out the net profit, if sales volume is Rs.800000 -

- a) Rs. 160000,
- b) Rs.140000,
- c) Rs.180000,
- d) Rs. 170000

Ans : a

28. The P/V Ratio of X Ltd. is 40% and its MOS is 50%. Find out BEP, if sales volume is Rs.800000

- a) Rs.400000,
- b) Rs. 30000,
- c) Rs.450000,
- d) Rs.120000

Ans : a

29. A company earned a profit of Rs.30000 during the year 2010-11. If the marginal cost and selling price of a product are Rs.8 and Rs.10 per unit respectively, the MOS will be –

- a) Rs.150000, b) Rs.130000, c) Rs.140000, d) Rs.120000

Ans : a

30. In the context of standard costing, basic standards is established for –

- a) short period, b) current period, c) indefinite period, d) pre-defined period.

Ans : d

31. Which one of the following statements about internal performance reporting is true?

- a) Internal performance reports – always contain a mixture of financial and non-financial measurements,
b) contain the same information as financial accounting statements, but they are produced monthly rather than annually,
c) are required by an accounting standards to be based on the 'balance scorecard' system can take any form that management chooses.
d) none of the above

Ans : c

32. Which one of the following statements is correct?

- a) A highly centralized organization –does not need any kind of performance measurement and reporting,
b) permits a substantial degree of autonomy to divisional managers,
c) is always less efficient than a decentralized organization,
d) allows managers to retain close scrutiny and control over the business.

Ans : d

33. Which one of the following statements about divisional performance assessment is not true?

- a) Divisional managers should be assessed only on aspects of divisional performance over which they have control,
b) Divisional performance is required to be reported to the Customs & Excise authorities on a quarterly basis,
c) The method of assessment of divisional performance varies, depending upon whether the division is an investment centre or not,
d) A highly autonomous division is responsible for virtually all aspects of its operations.

Ans : b

34. In a division that is treated as a profit centre, which of the following should be used as the basis for assessing divisional performance?

- a) Divisional profit before head office cost allocation,
b) Contribution,
c) Contribution less controllable fixed costs,
d) Divisional profit before tax.

Ans : c

35. Which one of the following statements about goal congruence in a decentralized organization is correct?

- a) Goal congruence –requires the achievement of organizational goals within a tight timeframe,
b) involves the minimization of inter-divisional rivalries in order to serve the best interests of the organization as a whole,
c) means that all possible steps should be taken by divisional management to achieve the goals of the individual division,
d) means that all divisional managers are given the same level of profit-related bonus.

Ans : b

36. A Ltd. has earned contribution of Rs. 200000 and net profit of Rs. 150000 on sales Rs. 800000. Calculate MOS.

- a) Rs.600000, b) Rs. 550000, c) Rs. 400000, d) Rs. 420000

Ans : a

37. Which one of the following statements about non-financial performance measures is not correct?

- a) the use of non-financial performance measures helps to address the deficiencies of measurements such as Return on Investment (ROI),
 b) non-financial measures should correspond as far as possible with the aims of the organization as a whole,
 c) non-financial measures do not involve the calculation or recording of any numbers,
 d) the most appropriate non-financial measures vary, depending upon the nature of the organization.

Ans : c

38. Which one of the following statement about the 'balance scorecard' is correct? The balance scorecard -

- a) is an interesting theoretical idea that has never taken off in practice,
 b) is used only by aeroplane manufacturers,
 c) is unhelpful because it involves too many separate reports,
 d) has been widely adopted in leading US and European companies.

Ans : d

39. Which one of the following is not a key perspective of the balanced scorecard?

- a) financial perspective, b) investment perspective,
 c) internal business perspective, d) customer perspective.

Ans : b

40. Which of the following is the correct description of the break-even-point?

- a) where total revenue equals total variable costs,
 b) where total revenue equals total contribution,
 c) where total revenue equals total fixed costs,
 d) where total revenue equals total fixed and variable costs.

Ans : d

41. In a profit-volume chart, what does the point at which the contribution line touches the vertical axis represent?

- a) the break-even point, b) total contribution,
 c) total variable cost, d) total fixed costs.

Ans : d

42. Which of the following best describes a fixed cost?

- a) a cost that is unaffected by time,
 b) a cost that involves a long-term commitment by the business,
 c) a cost that is unaffected by the level of inflation,
 d) a cost that is unaffected by the level of output.

Ans : d

43. Which one of the following best describes the margin of safety?

- a) the extent to which the total sales exceeds the total fixed costs,
 b) the extent to which the total sales exceeds the total fixed and variable costs,
 c) the extent to which the total sales exceeds the total variable costs,
 d) fixed costs / (sales revenue per unit - variable costs per unit)

Ans : b

44. A variable cost is one that -

- a) is constant per unit of output irrespective of the level of output,
 b) varies with the time period,

- c) will vary according to the general rate of inflation,
d) varies directly but not proportionately with output.

Ans : a

45. A static budget is useful in controlling costs when cost behaviour is –

- a) mixed,
c) variable,
- b) fixed,
d) linear.

Ans : b

46. Responsibility centers include –

- a) cost centers,
b) profit centers,
c) investment centers,
d) all of the above.

Ans : d

47. Responsibility reports for cost centers –

- a) distinguish between fixed and variable costs,
- b) use static budget data,
- c) include both controllable and non-controllable costs,
- d) include only controllable costs.

Ans.

48. In a responsibility report for a profit center, fixed costs are deducted from contribution margin to show -

- a) profit center margin,
b) controllable margin,
c) net income,
d) income from operations.

Ans : b

49. A manager of an investment center can improve ROI by –

- a) increasing average operating assets,
- b) reducing sales,
- c) increasing variable costs,
- d) reducing variable and / or controllable fixed costs.

Ans : d

50. Which cost is taken into consideration for 'make or buy' decisions?

- a) prime cost,
c) cost of production,
- b) total cost,
d) relevant cost.

Ans : b

OTHER IMPORTANT MCQs OF ACCOUNTING:

1. The net worth shall be calculated in accordance with the..... of the company as on..... or the first audited financial statements for accounting period which ends after that date;

- a) stand-alone financial statements, 31st March, 2014
b) consolidated financial statements, 31st March, 2014
c) consolidated financial statements, 1st April, 2015
d) consolidated financial statements, 1st April, 2014

2. Total Number of Ind AS which are notified as of date?

- a) 39 **b) 40** c) 69 d) 66

3. For companies covered in phase I, the transition date would be:

- a) 1 April 2015 b) 31 March 2014 c) 31 March 2015 d) 1 Apr 2016

4. For companies covered in phase I , the company would be required to prepare opening balance sheet at which date:

a) 1 April 2015
c) 31 March 2015

b) 31 March 2014
d) 1 April 2016

5. _____ is the primary objective of cost accounting.
A. cost ascertainment
B. financial audit
C. profit analysis.
D. tax compliance

ANSWER: A

6. Direct cost incurred can be identified with-----.
A. each department
B. each unit of output.
C. each month.
D. each executive.

ANSWER: B

7. Overhead cost is the total of -----.
A. all indirect costs
B. all direct costs
C. indirect and direct costs.
D. all specific costs.

ANSWER: A

8. Imputed cost is a -----.
A. notional cost
B. real cost
C. normal cost
D. variable cost

ANSWER: A

9. Operating costing is suitable for-----.
A. job order business
B. contractors
C. Sugar industries
D. Service industries

ANSWER: D

10. Process costing is suitable for-----.
A. hospitals
B. oil refining firms
C. transport firms.
D. brick laying firms.

ANSWER: B

11. Cost classification can be done in -----.
A. Two ways.
B. Three ways.
C. Four ways.
D. Several ways.

ANSWER: D

12. Cost accounting refers to the techniques and processes of-----.
A. allocation of costs
B. ascertainment of costs
C. distribution of cost
D. sundry expenses

ANSWER: B

13. Indirect material used in production is classified as-----.
A. office overhead
B. selling overhead
C. distribution overhead
D. production overhead

ANSWER: D

14. Warehouse rent is a part of -----.
A. prime cost
B. factory cost
C. distribution cost
D. production cost

ANSWER: C

15. Indirect material scrap is adjusted along with -----.
A. prime cost
B. factory cost
C. labour cost
D. cost of goods sold

ANSWER: B

16. Which one of the following is not considered for preparation of cost sheet?
A. Factory cost
B. goodwill written off
C. labour cost.
D. Selling cost.

ANSWER: B

17. Sale of defectives is reduced from-----.

- A. prime cost
- B. works cost
- C. cost of production
- D. cost of sales.

ANSWER: C

18. Economic Order Quantity is also known as _____

- A. Reorder quantity
- B. Optimal order quantity
- C. Both A & B
- D. None of the above

ANSWER: C

19. Cost of sales plus profit is-----.

- A. selling price
- B. value of finished product.
- C. value of goods produced
- D. value of stocks.

ANSWER: A

20. Total of all direct costs is named as-----.

- A. work cost
- B. cost of goods sold
- C. prime cost
- D. cost of production.

ANSWER: C

21. Danger level is _____

- A. Average consumption * Lead time for emergency purchases
- B. Average consumption * reorder period
- C. Minimum consumption * minimum reorder period
- D. Maximum consumption * maximum reorder period

ANSWER: A

22. Audit fees is a part of-----.

- A. works on cost
- B. selling overhead
- C. distribution overhead
- D. administration overhead.

ANSWER: D

23. Management accounting is suitable for _____

- A. Small businesses
- B. Co-operative societies
- C. Non profit organisations
- D. Large industrial and trading concerns

ANSWER: D

24. Factory overhead can be charged on the basis of -----.

- A. material cost.
- B. labour cost.
- C. prime cost
- D. factory cost.

ANSWER: D

25. Office and administration expenses can be charged on the basis of-----.

- A. material cost
- B. labour cost
- C. prime cost
- D. factory cost

ANSWER: D

26. Selling and distribution expenses can be charges on the basis of-----.

- A. material cost
- B. labour cost
- C. prime cost
- D. factory cost.

ANSWER: D

27. The purpose of financial accounting is to provide information for-----.

- A. fixing prices
- B. controlling cost.
- C. locating factory leading to wastages and losses
- D. assessing the profitability and financial position of the firm.

ANSWER: D

28. An example of variable cost is-----.

- A. property tax
- B. interest on capital
- C. direct material cost
- D. depreciation of machinery.

ANSWER: C

29. Cost accounting concepts include all the following except-----.

- A. planning
- B. controlling
- C. profit sharing
- D. product costing

ANSWER: C

30. Toy manufacturing industry should use-----.

- A. unit costing
- B. process costing
- C. batch costing
- D. multiple costing.

ANSWER: C

31. Job costing used in -----.

- A. chemical works
- B. printing works
- C. paper works
- D. textile mills.

ANSWER: B

32. Cost unit of a sugar industry can be-----.

- A. per liter
- B. per tonne
- C. per acre
- D. per meter

ANSWER: B

33. The ascertainment of costs after they have been incurred is known as-----.

- A. marginal cost
- B. historical cost
- C. sunk cost
- D. notional cost

ANSWER: B

34. Direct material is a -----.

- A. variable cost
- B. fixed cost
- C. semi fixed cost
- D. semi variable cost.

ANSWER: A

35. According to which method of pricing issues is close to current economic values?

- A. Last In First Out
- B. First In First Out
- C. Highest In First Out
- D. Weighted average price.

ANSWER: A

36. Continuous stock taking is a part of-----.

- A. Annual stock taking
- B. perpetual inventory
- C. ABC analysis
- D. VED analysis

ANSWER: B

37. ----- method of issuing materials are priced at a predetermined rate?

- A. specific price method.
- B. inflated price method
- C. Replacement price method.
- D. Standard price method

ANSWER: D

38. The term base stock in the method of issuing materials represents the-----.

- A. quantity of stock being issued.
- B. maximum stock
- C. stock in balance
- D. minimum stock.

ANSWER: D

39. The ratios which reflect managerial efficiency in handling the asset is-----.

- A. turnover ratios.
- B. profitability ratios.
- C. short term solvency ratios.
- D. long term ratios

40. The ratios which reveal the final result of the managerial policies and performance are-----.

- A. turnover ratios
- B. profitability ratios

C. short term solvency ratios

ANSWER: B

D. long term solvency ratio.

41. Net profit ratio is a -----.

A. turnover ratio

C. short term solvency ratio

ANSWER: D

B. long term solvency ratio

D. profitability ratio.

42. Stock turnover ratio is-----.

A. efficiency ratio

C. short term solvency ratio

ANSWER: A

B. profitability ratio

D. long term solvency ratio

43. Current ratio is a -----.

A. short term solvency ratio

C. profitability ratio

ANSWER: A

B. long term solvency ratio

D. turnover ratio.

44. Proprietary ratio is a -----.

A. short term solvency ratio

C. profitability ratio

ANSWER: A

B. long term solvency ratio

D. turnover ratio.

45. Fixed asset ratio is _____ ratio.

A. long term solvency

C. turnover

ANSWER: A

B. short term solvency

D. profitability.

46. Debtors turnover ratio is an-----.

A. Short term solvency ratio

C. profitability ratio

ANSWER: D

B. long term solvency ratio

D. efficiency ratio

47. The ratio which measures the profit in relation to capital employed is known as-----

A. return on investment.

C. operating profit ratio

ANSWER: A

B. Gross profit ratio

D. operating ratio

48. Return on equity is also called-----.

A. return on investment

C. return on shareholders fund

ANSWER: D

B. Gross profit ratio

D. return on net worth.

49. Preliminary expenses are an example of-----.

A. fixed assets

C. fictitious assets

ANSWER: C

B. current assets

D. current liabilities.

50. Prepaid expenses are an example of-----.

A. fixed assets

C. fictitious assets

ANSWER: B

B. current assets

D. current liabilities

51. The ratio which shows the proportion of profits retained in the business out of the current year's profit is-----.

A. payout ratio

C. earnings per share

ANSWER: B

B. retained earnings ratio.

D. price earnings ratio

52. The ratio which is calculated to measure the productivity of total assets is-----.

A. return on equity.

C. return on total assets

B. return on shareholders' funds

D. return on equity share holders' funds.

ANSWER: C

53. The dividend is related to the market value of shares is-----.

- A. interest coverage ratio B. fixed dividend coverage ratio
C. debt service coverage ratio D. dividend yield ratio

ANSWER: D

54. Turnover ratio is also known as-----.

- A. activity ratio B. solvency ratio
C. liquidity ratio D. profitability ratio

ANSWER: A

55. Inventory or stock turnover ratio is also called-----.

- A. Stock velocity ratio B. debtors velocity ratio
C. creditors velocity ratio D. working capital turnover ratio

ANSWER: A

56. Which ratio is calculated to ascertain the efficiency of inventory management in terms of capital investment?

- A. Stock velocity ratio B. debtors velocity ratio
C. creditors velocity ratio D. working capital turnover ratio

ANSWER: A

57. The ratio which measures the relationship between the cost of goods sold and the amount of average inventory is-----.

- A. Stock velocity ratio B. debtors velocity ratio
C. creditors velocity ratio D. working capital turnover ratio

ANSWER: A

58. Sales -Gross profit=-----.

- A. net profit B. cost of production
C. administrative expenses D. cost of goods sold

ANSWER: D

59. Opening stock+purchases+direct expenses-closing stock= -----.

- A. net profit B. cost of production
C. administrative expenses D. cost of goods sold

ANSWER: D

60. Which ratio measures the number of times the receivables are rotated in a year in terms of sales?

- A. Stock turnover ratio B. debtors turnover ratio
C. creditors turnover ratio D. working capital turnover ratio

ANSWER: B

61. Debtors turnover ratio is also called-----.

- A. stock turnover ratio B. debtors velocity ratio
C. creditors velocity ratio D. working capital turnover ratio.

ANSWER: B

62. Creditors turnover ratio is also called-----.

- A. stock turnover ratio B. debtors turnover ratio
C. accounts payable ratio D. working capital turnover ratio

ANSWER: C

63. Current assets-current liabilities=-----.

- A. fixed capital B. working capital
C. opening capital D. closing capital

ANSWER: B

64. The ratio of current assets to current liabilities is called-----.

- A. liquid ratio B. acid test ratio

C. current ratio

D. cash position ratio

ANSWER: C

65. Internationally accepted current ratio is-----.

A. 1:1

B. 2:1

C. 3:1

D. 4:1

ANSWER: B

66. Liquid ratio is also called-----.

A. Super quick ratio

B. acid test ratio

C. current ratio

D. cash position ratio

ANSWER: B

67. Current assets-(stock +prepaid expenses)= -----.

A. Current assets.

B. Fixed assets

C. Liquid assets

D. Fictitious assets

ANSWER: C

68. An ideal liquid ratio is-----.

A. 0.25:1

B. 0.50:1

C. 0.75:1

D. 1:1

ANSWER: D

69. An ideal cash position ratio is -----.

A. 0.25:1

B. 0.50:1

C. 0.75:1

D. 1:1

ANSWER: C

70. An ideal debt equity ratio is-----.

A. 1

B. 2

C. 3

D. 4

ANSWER: A

71. The ratio establishes the relationship between fixed assets and long term fund is-----.

A. current ratio

B. fixed assets ratio

C. fixed assets turnover ratio

D. debt equity ratio

ANSWER: B

72. the ratio compares the shareholders' funds and total tangible assets are-----.

A. capital gearing ratio

B. fixed assets turnover ratio

C. proprietary ratio

D. debt equity ratio

ANSWER: C

73. Shareholders' funds+Long-term loans= -----.

A. current assets

B. current liabilities

C. fixed assets

D. capital employed

ANSWER: D

74. Low turnover of stock ratio indicates-----.

A. solvency position

B. monopoly situation

C. over investment in inventory

D. liquidity position

ANSWER: C

75. Fund flow statement is based on the -----.

A. cash concept of funds

B. working capital concept

C. long term funds

D. fixed assets concept of funds

ANSWER: B

76. All those assets which are converted into cash in normal course of business within one year are known as-----.

A. fixed assets

B. current assets

C. fictitious assets

D. wasting assets

ANSWER: B

77. Marginal cost is _____

- A. Prime cost
C. Works cost

- B. Variable cost
D. cost of production

ANSWER: B

78. Depreciation on fixed assets is-----.

- A. non-operating income
C. operating income

- B. operating expense
D. non-operating expense

ANSWER: D

79. Provision for income tax is-----.

- A. non-operating income
C. operating income

- B. operating expense
D. appropriation of profits

ANSWER: D

80. Profit on sale of fixed assets is-----.

- A. non trading income
C. non trading gains

- B. operating income
D. long term gains

ANSWER: A

81. Financial accounting records only-----.

- A. standard figures
C. actual figures

- B. estimated figures
D. approximate figures

ANSWER: C

82. Break even chart is a chart of _____

- A. Sales
C. Profit

- B. Total cost
D. Sales and Total cost

ANSWER: D

83. The term 'Management Accountancy' was first used in-----.

- A. 1950

- B. 1939

- C. 1910

- D. 1947

ANSWER: B

84. Management accounting is also known as-----.

- A. price level accounting
C. financial accounting

- B. historical cost accounting
D. decision accounting

ANSWER: D

85. The prime function of management accounting is to-----.

- A. assist tax authorities
B. assist the management in performing its functions effectively.
C. interpret the financial data.
D. record business transactions

ANSWER: B

86. Management accounting provides valuable services to management in performing

- A. coordinating functions
C. planning functions

- B. controlling functions
D. all managerial functions

ANSWER: D

87. Management accounting is an offshoot of-----.

- A. financial accounting
C. cost accounting and inflation accounting

- B. cost accounting
D. cost accounting and financial accounting

ANSWER: D

88. Management accounting analyses accounting data with the help of-----.

- A. auditors
C. tools and techniques

- B. statutory forms
D. formula.

ANSWER: C

89. Management accounting is suitable for-----.

- A. large industries and trading concerns
 C. small businesses.
ANSWER: A
- B. co-operative societies
 D. non-profit Organisations.

90. Management accounting and cost accounting functions are-----.
 A. neutral in effect
 C. contradictory in nature.
ANSWER: B
- B. complementary in nature.
 D. does not relate to each other.

91. Management accounting use -----.
 A. quantitative data only
 C. descriptive data only
ANSWER: D
- B. qualitative data only
 D. both qualitative and qualitative data

92. The tracing or reassigning of costs to one or more cost objectives is referred to as-----
 A. cost allocation
 C. set up costing
ANSWER: A
- B. historical costing
 D. cost apportionment

93. The three main categories of manufacturing costs are:-----
 A. direct material, direct labour and factory overhead
 B. direct labour, indirect labour and overtime premiums
 C. raw materials, work in progress and finished goods
 D. raw materials, direct labour and finished goods.
ANSWER: A

94. Which one of the following would be included in cash budget?
 A. depreciation charges
 C. goodwill
ANSWER: B
- B. dividends
 D. patent amortization

95. The document which is prepared after receiving and inspecting materials-----.
 A. material record note
 C. bill of material
ANSWER: B
- B. goods received note
 D. inventory record.

96. VED is a technique for -----.
 A. the control of materials
 C. the control of direct expenses
ANSWER: A
- B. the control of labour
 D. the control of overhead

97. Bin card is maintained by-----.
 A. costing department
 C. finance department
ANSWER: B
- B. stores department
 D. accounting department

98. Overhead is also known as-----.
 A. on cost
 C. extra cost
ANSWER: A
- B. basic cost
 D. chargeable expenses

99. The process of setting standards and comparing actual performance with standards with a view to control the cost is-----.
 A. cost reduction
 C. cost allocation
ANSWER: B
- B. cost control
 D. cost ascertainment

100. Under ABC method of material control, the materials are classified according to -----
 A. its value
 C. its nature
ANSWER: B
- B. its usage
 D. its availability

ANSWER: A

101. Reorder level=-----.

- A. Maximum level-Minimum level
- B. Maximum consumption * Maximum reorder period
- C. Minimum consumption * Minimum Reorder period.
- D. Normal consumption * Normal reorder period.

ANSWER: B

102. In order to avoid the stoppage of production due to shortage of material -----.

- A. Maximum stock level is maintained
- B. Minimum stock level is maintained
- C. Re-order level is maintained
- D. average stock level is maintained

ANSWER: B

103. In order to avoid the cost of overstocking-----.

- A. Maximum stock level is maintained
- B. Minimum stock level is maintained
- C. Re-order level is maintained
- D. average stock level is maintained

ANSWER: A

104. This is a point at which the store keeper should initiate purchase requisition for fresh supply. It is-----.

- A. Maximum stock level
- B. Minimum stock level
- C. Reorder level
- D. Average stock level

ANSWER: C

105. This is a level at which normal issue of material are stopped, but issued under special condition. It is -----.

- A. Maximum stock level
- B. Minimum stock level
- C. Danger level
- D. Average stock level

ANSWER: C

106. Annual usage is 6000 units @ Rs. 20 per unit. Cost of placing and receiving an order is Rs. 60 and annual carrying cost of one unit is 10% of inventory value. EOQ= -----

- A. 600 units
- B. 750 units
- C. 1200 units
- D. 1250 units

ANSWER: A

107. _____ is the method in which issue prices of material is computed by dividing total purchase cost of material in stock with total quantity in stock.

- A. Simple average method
- B. Periodical average method
- C. Weighted average method
- D. Periodic simple average method

ANSWER: C

108. If minimum stock level is 900 units and economic ordering quantity is 750 units, then average stock level = -----.

- A. 825 units
- B. 1275 units
- C. 1525 units
- D. 1650 units

ANSWER: B

109. Packing cost is -----.

- A. Production cost
- B. Selling cost
- C. administration cost
- D. distribution cost

ANSWER: D

110. Directors remuneration and expenses form part of -----.

- A. Production overhead
- B. Administration overhead
- C. Selling overhead
- D. Distribution overhead

ANSWER: B

111. Production cost under marginal costing includes -----.

- A. prime cost only
- B. prime cost and fixed overhead

- C. prime cost and variable overhead
D. prime cost, variable overhead, and fixed overhead.

ANSWER: C

112. Contribution margin is also known as-----.

- A. marginal income
B. gross profit
C. net profit
D. net loss

ANSWER: A

113. Period costs are-----.

- A. overhead costs
B. prime cost
C. variable cost
D. fixed cost

ANSWER: D

114. Contribution margin is equal to-----.

- A. fixed cost – loss
B. profit+variable cost
C. sales-fixed cost-profit
D. sales-profit

ANSWER: A

115. P/V ratio is an indicator of-----.

- A. the rate at which goods are sold.
B. the volume of sales
C. the volume of profit
D. the rate of profit

ANSWER: D

116. Margin of Safety is the difference between:-----

- A. Planned sales and planned profit.
B. actual sales and break even sales
C. planned sales and actual sales
D. planned sales and planned expenses

ANSWER: B

117. An increase in variable costs -----.

- A. reduces contribution
B. increases the profit
C. increases p/v ratio
D. increase margin of safety

ANSWER: A

118. An increase in selling price-----.

- A. increases the breakeven point
B. decreases the breakeven point
C. does not the breakeven point
D. optimize the breakeven point

ANSWER: B

119. A large margin of safety indicates-----.

- A. over production
B. over capitalization
C. the soundness of the business
D. under capitalization

ANSWER: C

120. CVP analysis is most important for the determination of-----.

- A. sales revenue necessary to equal to fixed cost
B. relationship between revenues and cost at various levels of operations
C. variable revenues necessary to equal fixed costs.
D. volume of operations necessary to break-even.

ANSWER: A

121. Earnings per share (EPS) is a _____

- A. Profitability ratio
B. Turnover ratio
C. Liquidity ratio
D. None of these

ANSWER: A

122. If fixed costs decrease while variable cost per unit remains constant, the new BEP in relation to the old BEP will be-----.

- A. lower
B. higher
C. unchanged
D. indeterminate

ANSWER: B

123. Selling price per unit Rs. 10; variable cost Rs. 8 per unit; fixed cost Rs. 20,000; Break Even production in units-----.

- A. 10,000 B. 16,300
C. 2,000 D. 2,500

ANSWER: A

124. Sales Rs. 25,000; Variable cost Rs. 8,000; Fixed cost Rs. 5,000; Break Even sales in value-----.

- A. Rs.7936 B. Rs.7353
C. Rs.8333 D. Rs.9090

ANSWER: B

125. Fixed cost Rs. 80,000; variable cost Rs. 2 per unit; selling price Rs. 10 per unit ; turnover required for a profit target of Rs. 60,000-----.

- A. Rs. 1,75,000 B. Rs. 1,17,400
C. Rs. 1,57,000 D. Rs. 1,86,667

ANSWER: A

126. Sales Rs. 25,000; variable cost Rs. 15,000; Fixed cost Rs. 4,000; P/V ratio is -----.

- A. 40% B. 80% C. 15% D. 30%

ANSWER: A

127. Sales Rs. 50,000; variable cost Rs. 30,000; Net profit Rs. 6,000; Fixed cost is-----.

- A. Rs. 10,000 B. Rs. 14,000 C. Rs. 12,000 D. Rs. 8,000

ANSWER: B

128. Actual sales Rs. 4,00,000; Break Even Sales Rs. 2,50,000; Margin of safety in percentage is -----.

- A. 66.67% B. 33.33% C. 37.5% D. 76.33%

ANSWER: C

129. P/V ratio 50%; variable cost of the produce Rs. 25; selling price is-----.

- A. Rs. 50 B. Rs.40 C. Rs. 30 D. Rs. 55

ANSWER: A

130. Fixed cost Rs. 2,00,000; sales Rs. 8,00,000; P/V ratio 30%; the amount of profit is-----.

- A. Rs. 50,000 B. Rs. 40,000 C. Rs. 35,000 D. Rs. 45,000

ANSWER: B

131. P/V ratio is 25% and margin of safety is Rs. 3,00,000; the amount of profit is-----.

- A. Rs. 1,00,000 B. Rs. 80,000 C. Rs. 75,000 D. Rs. 60,000

ANSWER: C

132. Total sales Rs. 20,00,000; fixed expenses Rs. 4,00,000; P/V ratio 40%; Break even capacity in percentage is -----.

- A. 40% B. 60% C. 50% D. 45%

ANSWER: C

133. Break-even point occurs at 40% of total capacity, margin of safety will be-----.

- A. 40% B. 60% C. 80% D. 85%

ANSWER: B

134. If the P/V ratio of a product is 30% and selling price is Rs. 25 per unit, the marginal cost of the product would be -----.

- A. Rs. 18.75 B. Rs. 16 C. Rs. 15 D. Rs. 20

ANSWER: A

135. Absorption costing is also known as-----.

- A. historical costing B. real costing
C. marginal costing D. standard costing

ANSWER: A

136. Under marginal costing stock are valued at-----.

- A. fixed cost
B. semi variable cost
C. variable cost
D. market price

ANSWER: C

137. Marginal costing lays emphasis on-----.

- A. production
B. sales
C. marketing
D. advertising

ANSWER: B

138. Selling price-marginal cost=-----.

- A. Fixed cost
B. semi-variable cost
C. contribution
D. breakeven point

ANSWER: C

139. Total sales-total variable cost-----

- A. fixed cost
B. semi variable cost
C. Contribution
D. break-even point

ANSWER: C

140. contribution means -----

- A. Fixed cost
B. semi-variable cost
C. margin of safety
D. fixed cost + profit

ANSWER: D

141. One of the most important tools of cost planning is-----.

- A. budget
B. direct cost
C. unit cost
D. cost sheet

ANSWER: A

142. Sales budget is a -----.

- A. Functional budget
B. Expenditure budget
C. Master budget
D. Flexible budget

ANSWER: A

143. The budget which usually takes the form of budgeted profit and loss account and balance sheet is known as-----

- A. flexible budget
B. Master budget
C. Cash budget
D. purchase budget

ANSWER: B

144. Which of the following is usually a long-term budget?

- A. Fixed budget
B. Cash budget
C. Sales budget
D. Capital expenditure budget.

ANSWER: D

145. Zero base budgeting refers to -----

- A. Short term and long term budgeting
B. Performance reporting
C. Responsibility Accounting
D. Justification of every item in the budget afresh

ANSWER: D

146. The budget, which is prepared first of all is-----.

- A. Master budget
B. Cash budget
C. Budget for key factor
D. flexible budget

ANSWER: C

147. Operation budget normally cover for a period of-----.

- A. one to ten years
B. one to two years
C. one to five years
D. one year or less

ANSWER: D

148. The entire process of preparing the budget is known as-----.

- A. planning
B. organizing
C. budgeting
D. controlling

ANSWER: C

149. Budgetary control starts with-----.

- A. planning
B. organizing
C. budgeting
D. controlling

ANSWER: C

150. Long-term budgets are prepared for -----.

- A. 1 year
B. 1-3 years
C. 1-5 years
D. 5-10 years

ANSWER: D

ADVANCED ACCOUNTING

1. Accounting standard - 14 is related with -

- a) amalgamation
b) valuation of stock,
c) depreciation accounting,
d) valuation of assets.

Ans : a

2. Accounting standard - 14 is a nature of -

- a) mandatory,
b) compulsory,
c) injunction,
d) all of these.

Ans : a

3. The liquidation can take place in any of -

- a) by compulsory winding up by the court,
b) by voluntary winding up
c) winding up subject to supervision of the court,
d) all of these.

Ans:d

4. The administrator is appointed to realize a hierarchy of objectives. What is an administrator's first and principle objective?

- a) to achieve a better result for the company's creditors as a whole that would be likely if the company were wound up.
b) to realize property in order to make a distribution to one or more secured creditors,
c) to rescue the company as a going concern,
d) to wind the company up and distribute the assets to persons entitled to them.

Ans : c

5. An administrator can be appointed in one of several different ways. Which one of the following is not a valid method of appointment?

- a) an administrator can be appointed by the court,
b) an administrator can be appointed by a floating charge holder,
c) an administrator can be appointed by the company's auditor,
d) an administrator can be appointed by the company.

Ans : c

6. Regarding the proposal for a company voluntary arrangement, which one of the following statements is not true?

- a) if the company is in administration, the proposal will be made by the administrator,
b) if the company is in liquidation, the proposal will be made by the liquidator,
c) if the company is neither in administration or liquidation, the proposal can be made by the directors,
d) if the company is neither in administration or liquidation, the proposal can be made by the members or creditors.

Ans : d

7. Regarding the appointment of receiver, which one of the following statement is not true –

- a) a receiver may be natural person or a body corporate,
- b) a charge-holder can appoint a receiver if the instrument that created the charge states so,
- c) the court can appoint a receiver upon an application from a creditor,
- d) an undischarged bankrupt cannot normally act as a receiver.

Ans : a

8. Which one of the following does not have the right to petition the court for a compulsory winding-up order?

- a) the auditor of the company,
- b) the company itself,
- c) any creditor of the company,
- d) the directors of the company.

Ans : a

9. A compulsory winding-up order can only be made on a number of specified grounds. The majority of such orders are made on the basis of which ground?

- a) the company is unable to pay its debts,
- b) where the company has resolved, by special resolution, to compulsorily wind up the company,
- c) where the company is an 'old public company',
- d) where the court is of the opinion that the company should be wound up on just and equitable grounds.

Ans : a

10. Which one of the following statements describes the difference between a members' voluntary winding up and a creditors' voluntary winding up?

- a) if a majority of the directors make a declaration of solvency, the winding up will be a members' voluntary winding up. If no such declaration is made, it will be a creditors' voluntary winding up,
- b) a creditors' voluntary winding up is commenced by the creditors, whereas a members' voluntary winding up is commenced by the members,
- c) a members' voluntary winding up is commenced by passing a special resolution, whereas a creditors' voluntary winding up does not require a special resolution,
- d) none of the following.

Ans : a

11. How does fraudulent trading under the Companies Act 2006 differ to fraudulent trading under the Insolvency Act 1986?

- a) fraudulent trading under the Companies Act 2006 can apply at any time, whereas fraudulent trading under the Insolvency Act 1986 can only apply during the course of a winding up,
- b) fraudulent trading under the Companies Act 2006 imposes civil liability only, whereas fraudulent trading under the Insolvency Act 1986 imposes criminal liability also,
- c) there is no difference – both provision are identical,
- d) fraudulent trading under Companies Act 2006 only applies to registered companies, whereas fraudulent trading under the Insolvency Act can also apply to partnerships and sole proprietorships.

Ans : a

12. A liquidator must distribute the company's assets in a prescribed order. Which one of the following states the correct order for distribution?

- a) liquidation expenses, preferential debts, debts secured by floating charge, unsecured debts, deferred debts, surplus to members,
- b) liquidation expenses, preferential debts, debts secured by fixed charge, debts secured by floating charge, unsecured debts, deferred debts, surplus to members,

- c) debts secured by fixed charge, preferential debts, liquidation expenses, debts secured by floating charge, unsecured debts, deferred debts, surplus to members,
d) debts secured by fixed charge, debts secured by floating charge, preferential debts, liquidation expenses, unsecured debts, deferred debts, surplus to members.

Ans : a

13. On incorporation of a company, the Registrar of Companies in addition to the Certificate of Incorporation, issues a unique identification number called –

- a) unique corporate number,
b) corporate identification number,
c) company identification number,
d) unique identification number.

Ans : b

14. In winding-up by the court, the statement of affairs has to be submitted within –

- a) 15 days from the date of winding-up order,
b) 21 days from the date of winding-up order,
c) 30 days from the date of winding-up order,
d) 90 days from the date of winding-up order.

Ans : b

15. When a default occur under section 421 and / or 422 in respect of receiver regarding filing of periodic accounts and / or making of reference of statements about the appointment of receiver, the company and every officer in default shall be punishable with –

- a) a monetary fine which may extend to Rs. 5000,
b) a monetary fine which may extend to Rs. 2000,
c) a monetary fine which may extend to Rs.5000 and imprisonment upto 6 months,
d) none of the above.

Ans : b

16. On liquidation of company, the preferential payment in respect of salary or wages is restricted to –

- a) Rs.10000, b) Rs.20000, c) Rs.50000, d) Rs.75000.

Ans : b

17. A Ltd and B Ltd go into liquidation and a new company X Ltd is formed. It is a case of –

- a) absorption, b) external reconstruction,
c) amalgamation, d) none of the above.

Ans : c

18. X Ltd. goes into liquidation and an existing company Z Ltd. purchases the business of X Ltd. It is a case of –

- a) absorption, b) external reconstruction,
c) amalgamation, d) none of the above.

Ans : a

19. Shareholders are entitled to –

- a) share residually in the company's assets upon liquidation,
b) vote,
c) share the profits,
d) all the above.

Ans : d

20. If AB Ltd buys more than 50% of the shares in CD Ltd then which of the following statements accurately summarizes the relationship between these two firms?

- a) AB Ltd is a subsidiary undertaking of CD Ltd,
b) AB Ltd is the parent undertaking,
c) CD Ltd is the parent undertaking,
d) There is no significant financial relationship between the two.

Ans b

21. When someone buys ordinary shares in another company then they are entitled to all but one of the following –

- a) voting rights at the shareholder's meetings,
- b) a right to an interest in the net assets of the company,
- c) a right to dividends out of the company profits,
- d) a right to an interest in the profits earned by the company.

Ans : c

22. On a consolidated balance sheet, if the shares of a company have been bought for more than the balance sheet value then the difference would appear as –

- a) loss on purchase,
- b) goodwill,
- c) capital reserve,
- d) profit on purchase.

Ans : b

23. If less than 100% of a subsidiary's share capital has been acquired then what is the rule for inclusion of the subsidiary's assets on the consolidated balance sheet?

- a) half the value should appear,
- b) none can appear until all the shares have been acquired,
- c) only a proportional amount should appear,
- d) all the assets should appear.

Ans : d

24. What is the term used to describe dividends paid by one company in the group to another in the same group?

- a) interim dividends,
- b) group dividends,
- c) intergroup dividends,
- d) intra-group dividends.

Ans : d

25. If stock is sold for a profit from one group member to another, how should this be dealt with in the final accounts?

- a) stock should appear at the original cost,
- b) the profits should be included but stock would appear at the value sold for,
- c) profit on sale should be eliminated and stock appears at original cost,
- d) profits on the sale should be eliminated.

Ans : c

26. The claim by outsiders to assets featured on a consolidated balance sheet is known as –

- a) negative goodwill,
- b) wholly owned subsidiary,
- c) minority interest,
- d) subsidiary.

Ans : c

27. Under acquisition accounting, the fair value of an asset will be the –

- a) historical cost of the assets,
- b) replacement cost,
- c) cost paid for assets,
- d) decided by purchaser.

Ans : c

28. On consolidation, if the total of the fair value of the assets acquired is less than the whole purchase consideration then the differences should be treated as –

- a) loss on acquisition,
- b) goodwill,
- c) negative goodwill,
- d) profit on acquisition.

Ans : b

29. If parent undertaking owns 60% of subsidiary Lev Ltd. and Lev Ltd. itself owns 40% of another subsidiary Hinds Ltd., the parent company owns how much of Hinds Ltd.?

- a) 24%,
- b) 60%,
- c) 40%,
- d) 12%

Ans : a

30. When dealing with consolidated balance sheets, the expression cost of control could be used instead of –

- a) goodwill,
- b) intangible investments,
- c) acquisition expenditure,
- d) negative goodwill.

Ans : a

31. Why do wholly owned subsidiaries not have to prepare consolidated financial statements?

- a) it is considered that it would involve too much work,
- b) no shareholders would need to see them,
- c) historical legal precedent,
- d) small firms are exempt.

Ans:

32. In acquisition accounting, the 'fair value' of quoted investments should be based upon –

- a) net realizable value,
- b) replacement cost,
- c) historical cost,
- d) market price.

Ans : d

33. If a parent undertaking owns 75% of a subsidiary Clews Ltd., and Clews Ltd. itself owns 20% of another subsidiary, Chase Ltd. then the parent company owns how much of Chase Ltd.?

- a) 155,
- b) 50%,
- c) 75%,
- d) 25%.

Ans : a

34. If a parent undertaking owns 60% of a subsidiary Batnak Ltd. and Batnak Ltd. itself owns 33% of another subsidiary, Brassington Ltd., then the parent company owns how much of Brassington Ltd.?

- a) 60%,
- b) 40%,
- c) 33%,
- d) 20%.

Ans : d

35. Which of the following is not one of the three fundamental methods of firm valuation?

- a) discounted cash flow,
- b) income or earnings – where the firm is valued on some multiple of accounting income or earnings,
- c) balance sheet – where the firm is valued in terms of its assets,
- d) market share.

Ans:

36. Which of the following represents the correct formula for valuing a share with a growing dividend?

- a) $P_t = d_0 \times (1 - g) / (r - g)$
- b) $P_t = d_0 \times (1 + g) / (r + g)$
- c) $P_t = d_0 \times (1 + g) / (r - g)$
- d) $P_t = d_1 \times (1 + g) / (r - g)$

Ans : c

37. If you are using a dividend valuation approach, how is supernormal dividend growth dealt with for valuation –

- a) the period of supernormal growth should be dealt with separately on a year by year basis,
- b) the formula $P_t = d_0 \times (1 + g) / (r - g)$ can be applied,
- c) the formula $P_t = d_1 \times (r - g)$ can be applied,
- d) the formula $g = ROE \times b$ can be applied.

Ans : a

38. What is the value of the firm usually based on –

- a) the value of debt and equity,
- b) the value of equity,
- c) the value of debt,
- d) the value of assets plus liabilities.

Ans : b

39. Which of the following is not a reason why firms typically do not report values for intangible capital?

- a) a firm's intangible capital is the main source of its competitive advantage,
- b) it may be hard to firmly establish intangible value in the event of a dispute,
- c) there are no completely reliable metrics that allow us to do it,
- d) tangible capital is of significantly greater value than intangible capital.

Ans : d

40. Which of the following defines the market to book value?

- a) the ratio of stock market valuation divided by the value of its NAV,
- b) the ratio of NAV value divided by stock market valuation,
- c) the market value of tangible assets divided by the book value of tangible assets,
- d) the market value of intangible assets divided by the book value of intangible assets.

Ans : a

41. Current tax should be measured using tax rates and tax laws that –

- a) Have been enacted by the end of the reporting period,
- b) Have been enacted by the date that the financial statements are authorized for issue,
- c) Have been enacted or substantively enacted by the end of the reporting period,
- d) Have been enacted or substantively enacted by the date that the financial statements are authorized for issue.

Ans : c

42. Deferred tax should be accounted for in relation to certain differences between taxable profit and accounting profit. The differences which require an entity to account for deferred tax are –

- a) temporary differences,
- b) permanent differences,
- c) both temporary differences and permanent differences,
- d) neither temporary differences nor permanent differences.

Ans : a

43. A person includes –

- a) only individual,
- b) only individual and HUF,
- c) individuals, HUF, firm, company only,
- d) individuals, HUF, company, firm, AOP or BOI, local authority, every artificial juridical person.

Ans : d

44. Every assess is a person,

- a) and every person is also an assessee,
- b) every person need not be an assessee,
- c) an individual is always an assessee,
- d) HUF is always an assessee.

Ans : b

45. Assessment year can be a period of –

- a) only more than 12 months,
- b) 12 months and less than 12 months
- c) only 12 months,
- d) 12 months and more than 12 months.

Ans : c

46. Income accrued outside India and received outside India is taxable in case of –

- a) Resident and ordinary resident only,
- b) Resident but not ordinary resident only,
- c) Nonresident only,
- d) All of the above.

Ans : a

47. Which of the following income is exempt from tax?

- a) sum received by a member from HUM,
- b) dividend received from a foreign company,
- c) agricultural income from Bangladesh,
- d) salary income from a non-profitable organization.

Ans : a

48. Cost of acquisition in case of bonus shares allotted before 1.4.1981 will be -

- a) nil,
- b) FMV as on 1.4.1981,
- c) Rs.10000,
- d) cost of original shares on the basis of which bonus shares are allotted.

Ans : b

49. Long term capital loss can be set off from which of the following -

- a) short term capital gain only,
- b) long term capital gain only,
- c) income from business or profession,
- d) income from salary.

Ans : b

50. Deduction under section 80C to 80U cannot exceed -

- a) Gross Total Income,
- b) Total income,
- c) Income from business or profession,
- d) Income from house property.

Ans : a

FINANCIAL STATEMENT ANALYSIS

1. Long term sources of finance may contain -

- I. Retained earnings,
- II. Inter corporate deposits,
- III. Debentures,
- IV. Preference share capital.

Find the correct combination according to the code -

- a) I, III and IV are correct,
- b) II, III and IV are correct,
- c) II and III are correct,
- d) II and IV are correct.

Ans : a

2. "Accounting is the art of recording, classifying and summarizing in a significant manner and in terms of money, transactions and events which are of a financial character and interpreting the results thereof." - This definition is -

- a) American Institute of Certified Public Accountants,
- b) J. Betty,
- c) Gestonburg,
- d) None of these.

Ans:

3. Accounting principles are divided into two types. These are -

- a) Accounting concepts,
- b) Accounting conventions,
- c) Accounting standard,
- d) 'a' & 'b' both

Ans : d

4. Accounting is the language of -

- a) Business,
- b) Books of accounts,
- c) Accountants,
- d) none of these.

Ans : a

5. Which of the following equation is related with Dual Aspect Concept?

- a) Total assets = Total liabilities, b) Total assets = Capital + Outsider's liabilities,
 c) Capital = Total assets – Outsider's liabilities, d) All of these.

Ans : d

6. Which expenses is a capital nature?

- a) depreciation, b) wages,
 c) salary, d) stationary.

Ans : a

7. Depreciation is a charge against –

- a) profit, b) assets,
 c) company, d) books of accounts.

Ans : a

8. Dividend can be declared from –

- a) revenue profit, b) capital profit,
 c) secret reserve, d) all of these.

Ans : a

9. Balance is a statement of –

- a) assets, b) liabilities,
 c) capital, d) all of these.

Ans : d

10. Amount receivable by a company against credit sales are usually called –

- a) sundry debtors, b) bills receivable,
 c) creditors, d) bills payable.

Ans : a

11. In case of Joint Stock Company, financial statements refer to –

- a) Balance Sheet,
 b) Trial Balance and Profit & Loss Account,
 c) Profit & Loss Account,
 d) Balance Sheet, Profit & Loss A/C and Profit & Loss Appropriation A/C

Ans : d

12. Which one of the following is not an example of intangible assets?

- a) patents and trade marks, b) copyright,
 c) slogan, d) land

Ans : d

13. Cost of intangible fixed assets are over their useful lives.

- a) depreciated, b) amortized,
 c) charged, d) allocated.

Ans : b

14. Which one of the equation is a correct?

- a) Total assets = Current liabilities, b) Total assets = Long-term liabilities,
 c) Total assets = Fixed assets, d) Total assets = Total liabilities + Owner's equity.

Ans : d

15. A company can purchase its own –

- a) equity shares, b) preference shares,
 c) debentures, d) all of these.

Ans : c

16. The minimum amount that should be called by a company with application for its shares is the following per cent of face value of shares –

- a) 2%, b) 5%, c) 10%, d) 15%.

Ans : b

17. The rate of commission payable on the issue of shares should not be more than the following –

- a) 2%, b) 3%, c) 4%, d) 5%.

Ans : d

18. A company can not issue –

- a) redeemable equity shares, b) redeemable preference shares,
c) redeemable debentures, d) none of these.

Ans : a

19. The fair value of share is the average of –

- a) par value and market value, b) intrinsic value and par value,
c) intrinsic value and yield value, d) par value and yield value.

Ans : c

20. The basic purpose of funds flow statement is to indicate the following –

- a) financial position, b) increase or decrease in assets,
c) increase or decrease in liabilities, d) increase or decrease in working capital.

Ans : d

21. Which one of the following is Leverage Ratio?

- a) debt-equity ratio, b) current ratio,
c) operating ratio, d) inventory ratio.

Ans : a

22. Which of the following statement is correct?

- a) debt equity ratio is solvency ratio, b) ROI measures overall profitability, Low
c) gearing is preferable to high gearing, d) all of these.

Ans : d

23. Long-term solvency is indicated by –

- a) rate of return, b) liquid ratio,
c) debt-equity ratio, d) capital gearing ratio.

Ans : c

24. ROI ratio is calculated to measure the following –

- a) long-term solvency of business,
b) earning power of net assets of business,
c) short-term liquidity position of business,
d) the relationship between goods sold and inventory level.

Ans:

25. Which one of the following items represent a potential use of working capital?

- a) good amortization, b) sale of fixed assets at loss,
c) net loss from operations, d) declaration of share dividend.

Ans : c

26. Which of the following is not normally paid from the working capital?

- a) payment of wages, b) payment of creditors,
c) redemption of debentures, d) purchase of raw materials.

Ans : c

27. Which of the following will result in flow of funds?

- a) appreciation in value of buildings,
- b) depreciation of assets,
- c) purchase of furniture,
- d) writing off goodwill.

Ans : c

28. Which of the following is not a source of funds?

- a) purchase of machinery,
- b) profit earned during the year,
- c) issue of share capital,
- d) long-term loan raised.

Ans : a

29. Cash from operation is equal to -

- a) Net Profit + increase in current assets,
- b) Net Profit + decrease in current liabilities,
- c) Net Profit + Non cash expenses + decrease in current assets,
- d) Net Profit after tax.

Ans:

30. The system of recording transactions based on dual aspect concept is called -

- a) double account system,
- b) double entry system,
- c) single entry system,
- d) none of these.

Ans : b

31. Depreciation of fixed assets is an example of -

- a) revenue expenditure,
- b) capital expenditure,
- c) deferred revenue expenditure,
- d) all of these

Ans : a

32. Financial statement involves -

- a) The balance sheet,
- b) The income statement,
- c) The statement of appropriation of profit,
- d) all of those.

Ans : d

33. Which of the following is classification of assets?

- a) current assets,
- b) fixed assets,
- c) fictitious assets & Contingent assets,
- d) all of these.

Ans : d

34. Fictitious assets known as -

- a) current assets,
- b) deferred expenditures,
- c) closing assets,
- d) floating assets.

Ans : b

35. Fictitious assets consists -

- a) preliminary expenses,
- b) training & development expenditures,
- c) debit balance of P & L account,
- d) all of these.

Ans : d

36. Forms of income statement are -

- a) manufacturing account,
- b) trading account and profit & loss account,
- c) profit & loss appropriation account,
- d) all of these.

Ans : d

37. Methods of analysis and interpretation of financial statement are -

- a) comparative statement,
- b) trend analysis,
- c) ratio analysis,
- d) all of these.

Ans : d

38. AS-3 is related with –

- a) Cash flow statement,
- b) fund flow statement,
- c) stock valuation,
- d) depreciation accounting

Ans : a

39. Revised AS-3 issued by the –

- a) The Institute of Chartered Accountant of India,
- b) The Prime Minister of India,
- c) The Institute of Company Secretaries of India,
- d) Company.

Ans : a

40. Cash flow from operating activities includes –

- a) Cash receipts from customers,
- b) cash payment to suppliers & employees,
- c) cash payment for overheads,
- d) all of these.

Ans : d

41. Working capital represents the portion of current assets financed through long-term funds. This includes (1) net working capital and / or (2) gross working capital –

- a) 1 is correct,
- b) 2 is correct,
- c) both 1 and 2 are correct,
- d) neither of the two is correct.

Ans : c

42. Dividend policy of a company mainly concerns with –
I. Dividend payout and / or. II. Stability of dividend.

- a) Only I is correct,
- b) Only II is correct,
- c) Both I and II are correct,
- d) Both I and II are incorrect

Ans : a

43. According to the accounting profession, which of the following would be considered a cash for item from an 'investing' activity?

- a) cash inflow from interest income,
- b) cash inflow from dividend income,
- c) cash outflow to acquire fixed assets,
- d) all of the above.

Ans : c

44. According to the Financial Accounting Standards Board (FASB), which of the following is a cash flow from a 'financing' activity?

- a) cash outflow to the government for taxes,
- b) cash outflow to shareholders as dividends,
- c) cash outflow to lenders as interest,
- d) cash outflow to purchase bonds issued by another company.

Ans : b

45. On an accounting statement of cash flows an 'increase / decrease in cash and cash equivalents' appear as –

- a) a cash flow from operating activities,
- b) a cash flow from investing activities,
- c) a cash flow from financing activities,
- d) none of the above.

Ans : d

46. Uses of funds include a / an –

- a) decrease in cash,
- b) increase in any liability,
- c) increase in fixed assets,
- d) tax refund.

Ans : c

47. Which of the following would be included in a cash budget?

- a) depreciation charges,
- b) dividends,
- c) goodwill,
- d) patent amortization.

Ans : b

48. An examination of the sources and uses of funds statement is part of –

- a) a forecasting technique,
b) a funds flow analysis,
c) a ration analysis,
d) calculations for preparing the balance sheet.

Ans : b

49. Which of the following is not a cash outflow for the firm?

- a) depreciation,
c) interest payments,
- b) dividends,
d) taxes.

Ans : a

50. Which of the following would be considered a use of funds?

- a) a decrease in accounts receivable,
b) a decrease in cash,
c) an increase in account payable,
d) an increase in cash.

Ans : d

COST ACCOUNTING

1. Material control involves_____.

- A. consumption of material**
B. issue of material.
C. purchase of material.
D. purchase, storage and issue of material.

ANSWER: C

2. Material requisition is meant for _____.

- A. purchase of material.
B. supply of material from stores.
C. sale of material.
D. storage of material.

ANSWER: B

3. Stock control through stock levels and EOQ is called _____.

- A. demand and supply method.** **B. perpetual inventory system.**
C. control by important and exception. **D. automatic order method.**

ANSWER: B

4. Standard costs is.....

- (A) Predetermined cost (B) budgeted cost
(C) Actual cost (D) none of these

5.are costs which have been applied against revenue of particular accounting period.

- (A) Expenses
(B) income
(C) loss
(D) none of these

6.is the smallest segment of activity or area or responsibility for which costs are accumulated.

- (A) Cost Object
(B) Cost center
(C) Cost driver
(D) None of the above

7. The primary emphasis of.....cost is on the planning function of management.

- (A) Budgeted
(B) Standard
(C) Period
(D) None of these

8.cost is irrecoverable cost.

- (A) marginal
(B) out of pocket
(C) Sunk
(D) none of these

9.is the value of a benefit where no actual cost is incurred.

- (A) Imputed (B) sunk
(C) out of pocket (D) none of these
10.is the cost which involves payment to outsiders.
(A) Out of pocket cost (B) Imputed cost
(C) notional cost (D) none of these
11. is the maximum possible alternative earning that might have been earned if the productive capacity is put to some alternative use.
(A) Opportunity (B) incremental revenue
(C) alternative revenue (D) none of these
12. An item of cost that is direct for one business may befor another business.
(A) Important (B) direct
(C) Indirect (D) none of the above.
13. The total of all direct expenses is known ascost.
(A) Prime (B) Works
(C) Production (D) both a & b
14. The principle types of inventories are raw materials and ,.....and finished goods
(A) Processed materials (B) Goods-in-progress
(C) Stored goods (D) Goods for dispatch
15. Re-ordering level = Maximum consumption x
(A) Average re-order period (B) Maximum usage
(C) Maximum re-order period (D) Normal usage
16. Inventory turnover ratio = Cost of inventory consumed during the period ÷ Cost ofheld during the period
(A) Average inventory (B) minimum inventory
(C) maximum inventory (D) none of these
17. Inventory turnover in days = Days during the period ÷
(A) Inventory turnover ratio (B) Material consumed during the period
(C) Cost of average stock during the period (D) None of these
18.is a technique of material cost control which leads to low carrying cost as a result of low investment in inventory
(A) ABC Analysis (B) JIT Inventory System
(C) VED Analysis (D) Perpetual Inventory System
19.is a technique of stock control which leads to saving of time of the management because attention is required to be paid only to some of the items rather than on all the items.
(A) ABC Analysis (B) JIT Inventory System
(C) VED Analysis (D) Perpetual Inventory System
20. is used primarily for control of spare parts.
(A) ABC Analysis (B) JIT Inventory System
(C) VED Analysis (D) Perpetual Inventory System
21. Inventory turnover ratio = Cost ofduring the period ÷ Cost of average inventory held during the period.
(A) Inventory consumed (B) minimum inventory

- (C) maximum inventory (D) none of these
22. Re-ordering level = X Maximum re-order period
 (A) Average re-order period (B) Maximum usage
 (C) **Maximum consumption** (D) Normal usage
23.obviates the necessity for the physical checking of all items of stores at the end of the year and thereby avoids dislocation of production.
 (A) ABC Analysis (B) JIT Inventory System
 (C) VED Analysis (D) **Perpetual Inventory System**
24. Cost accounting provides data for managerial.....
 (A) **Decision making** (B) recruitment
 (C) retrenchment (D) none of the above.
25. Cost accounting is based on.....figures.
 (A) **Estimated** (B) historical
 (C) actual (D) none of these.
26. Cost accounting provides detailed information aboutof various products, processes, services and operations.
 (A) **Costs** (B) income
 (C) either a or b (D) none of these.
27. Cost accounting records both monetary and units.
 (A) cost (B) **Physical**
 (C) both a & b (D) none of these.
28. The method of costing used in a refinery is.....costing.
 (A) job (B) batch
 (C) multiple (D) **Process**
29.costing is used in transport undertakings.
 (A) Process (B) **service**
 (C) multiple (D) job
30. The total variable cost in total proportion to output.
 (A) **Increases** (B) does not increase
 (C) decreases (D) none of these.
31. Variable cost per unit
 (A) **Remains constant** (B) varies
 (C) decreases (D) increases
32. Sunk costs are for decision-making
 (A) **irrelevant** (B) relevant
 (C) useful (D) none of these.
33. Costing and cost accounting are
 (A) not related at all (B) one and the same
 (C) **Not the same** (D) none of these.
34. Material control does not cover the following stage.
 (A) Purchase of materials (B) storing of materials
 (C) issue of materials (D) **production**

35. Material control aims at achieving effective.....
 (A) **Material management** (B) quality control
 (C) accounting of material (D) material supply
36. Stores Ledger is maintained in the.....
 (A) Store (B) finance department
 (C) **cost accounting department** (D) Both a & b
37. Stock verification sheets are maintained to record the results of
 (A) **Physical verification** (B) financial control
 (C) financial verification (D) quality verification
38. Stock Adjustment Account is debited withand credited with
 (A) Surplus, shortage of stock (B) **shortage of stock, surplus**
 (C) excess, loss (D) none of these
39. Bin card is a record ofonly.
 (A) Cost (B) value
 (C) **quantity** (D) expense
40. Bin card is maintained by the.....
 (A) Cost accountant (B) Clerk
 (C) **storekeeper** (D) branch accountant
41. Material abstract is also known as
 (A) **Material issue analysis sheet** (B) bill of materials
 (C) stores ledger (D) none of the above
42. Material should be issued by the store keeper against.....
 (A) Material requisition (B) bill of materials
 (C) **both a & b** (D) none of these
43. First in first out method of valuing material issues is suitable in times of.....
 (A) Rising prices (B) **falling prices**
 (C) fluctuating prices (D) none of these
44.costing is applicable to printers.
 (A) Process (B) batch
 (C) multiple (D) **job**
45. Process costing is also known as.....costing.
 (A) multiple (B) batch
 (C) **Continuous** (D) job
46. Operating costing is also known ascosting.
 (A) **Service** (B) batch
 (C) multiple (D) job
47.costing is a type or technique of costing.
 (A) multiple (B) batch
 (C) Marginal (D) **job**
48.costing is a type or technique of costing.

(A) Absorption
(C) multiple

(B) batch
(D) job

49.is not the scope of Cost Accountancy.

(A) Ascertaining cost
(C) cost control

(B) cost accounting
(D) tax planning

50. Cost Accounting has been developed because of..... of Financial Accounting.

(A) Limitations
(C) both a & b

(B) advantages
(D) none of these

51. Cost Accountancy is the science, art andof a cost accountant.

(A) Practice
(C) hard work

(B) exercise
(D) effort

52. The ordinary trading account is a locked storehouse of most valuable information to which cost system is the.....

(A) Key
(C) house

(B) lock
(D) none of these

53. Cost accounts deal partly with facts and figures and partly with.....

(A) costs
(C) income

(B) Estimates
(D) revenue

54.process loss should be transferred to costing profit & loss account.

(A) Abnormal
(C) both a & b

(B) normal
(D) none of these

55. The cost ofprocess loss is absorbed in the cost of production of good units.

(A) Abnormal
(C) both a & b

(B) normal
(D) none of these

56. In inter process profits, the output of one process is transferred from one process to another not atbut at

(A) Market price, actual cost
(C) both a & b

(B) Actual cost, market price
(D) none of these

57. Where actual loss in a process is less than the anticipated loss, the difference between the two is considered to be

(A) Abnormal loss
(C) abnormal gain

(B) normal loss
(D) normal gain

58. In process costing, the abnormal loss is treated ascost and written off to profit & loss account.

(A) Unit
(C) future

(B) period
(D) process

59. The process costing is not used in one of the following.

(A) Chemical
(C) cement

(B) textiles
(D) oil refining

60.arises where the actual process loss is less than the normal predetermined process loss.

(A) Normal loss
(C) abnormal gain

(B) abnormal loss
(D) none of these

61. An input of 5000kg of material introduced into the process and the expected loss is 8% and if the actual output from the process is 4300, the abnormal loss iskg
 (A) 400 (B) 600 (C) 500 (D) 300
62. Budgeting system.....key managerial functions.
 (A) Dismisses (B) integrates
 (C) discharges (D) none of these
63.is a budget which is updated continuously by adding a further period (a month/quarter) and deducting a corresponding earlier period.
 (A) Rolling budget (B) continuous budget
 (C) annual budget (D) both a & b
64. When the cost incurred on recruiting, training and developing the employees is considered for determining the value of employees, it is called
 a. the replacement cost approach b. the historical cost approach
 c. the opportunity cost approach d. none of the above
65. The opportunity cost approach in human resource accounting was introduced by
 a. Hekimian and Jones b. Rensis Likert
 c. Eric G. Flamholtz d. William C. Pyle
66. The aggregate payment approach in human resource accounting was developed by
 a. Myers and Flowers b. Hermanson
 c. S. K. Chakraborty d. none of the above
67. The value of human resources is the function of the average salary of the employees and their average employment tenure in the organization. This is the essence of the
 a. aggregate payment model b. five-dimensional model
 c. causal, intervening and end-result model d. unpurchased goodwill model
68. Fixing the value of an employee depending upon his productivity, promotability transferability and retainability is the core of the
 a. certainty equivalent model b. stochastic reward valuation model
 c. human asset multiplier model d. present value of future earnings model
69. The convergence of the Indian Accounting Standards with IFRS began in —
 a. Dec-11 b. Apr-11 c. Apr-10 d. Aug-09
70. The global key professional accounting body is —
 a. The International Accounting Standards Committee
 b. The Institute of Chartered Accountants of India
 c. The Financial Accounting Standards Board
 d. The International Accounting Standards Board
71. The original cost at which an asset or liability is acquired is known as —
 a. replacement cost b. amortization
 c. historical cost d. carrying cost
72. The International Accounting Standards Committee was set up in —
 a. 1967 b. 2009 c. 1982 d. 1976

73. The process of converting foreign-subsidary financial statements into the home currency is known as —

- a. transmission
- b. translation
- c. consolidation
- d. reconstruction

74. The accounting process in which the financial statements of a parent company and its subsidiaries are added together to yield a unified set of financial statements is called —

- a. Consolidation
- b. amortization
- c. translation
- d. amalgamation

75. A price on goods and services sold by one member of a corporate family to another, such as from a parent to its subsidiary in a foreign country, is known as —

- a. arm's length price
- b. export price
- c. transfer price
- d. import price

76. Triple bottom line accounting is also called —

- a. full cost accounting
- b. management accounting
- c. incremental costing
- d. historical accounting

77. Which of the following is not a tax haven?

- a. England
- b. Bermuda Islands
- c. Mauritius
- d. Cayman Islands

78. Accounting in India is governed by the —

- a. Reserve Bank of India
- b. Institute of Chartered Accountants of India
- c. Income Tax Department
- d. Company Law Board

79. Adoption means application of IFRS issued by IASB as it is in entirety. Convergence means using IFRS issued by IASB with some carve in and carve outs.

- a) True
- b) False

80. Companies covered in Phase I should have net worth

- a) Equal to 500 crores
- b) Equal and more than 500 crores
- c) Less than 500 crores
- d) more than 250 crores but less than 500 crores

81. Ind AS once adopted either voluntarily or mandatorily can not be revoked in prospective years even in case of net worth goes down from specified limit or any other criteria given in roadmap.

- a) True
- b) False

82. As part of Ind AS transition process, companies covered in first phase will have to prepare:

- a) Opening Ind AS Balance sheet as at 1 April 2015.
- b) Equity reconciliation b/w Ind AS and Indian GAAP on 1 April 2015 & 31 Mar 2016.
- c) Income Reconciliation b/w Ind AS and Indian GAAP for the year ending 31 Mar 2016.
- d) All of the above

83. As part of Ind AS transition process, companies covered in first phase will have to prepare:

- a) Ind AS financial statements as at and for the year ending 31 Mar 2016 for comparative.
- b) Ind AS Financial statements as at and for year ending 31 Mar 2017.
- c) Equity reconciliation b/w Ind AS and Indian GAAP on 1 April 2015 & 31 Mar 2016.
- d) All of the above

POINTS TO REMEMBER

International accounting standard committee (IASC) who renamed as Informational financial reporting board set up in 1973 on 23rd June.

Institute of Chartered Accountant of India on 21st April 1977 set up the Accounting Standard board.

Accounting standard are a set of guidelines i.e. Generally Accepted Accounting principles issued by accounting body of country.

Accounting standard as a code of conduct imposed on an accountant by custom, law & professional body.

Accounting principles+ concepts+ accounting conventions commonly known as GAAP

(Generally accepted accounting principles) on the basis of which financial statements are to be prepared.

Principles of accounting are the general law or rule adopted or proposed as a guide to action, a settled ground or basis of conduct or practices.

Accounting concepts are the basic assumptions of fundamental propositions within which accounting operates.

Concepts are as follows-

1) Going concern- according to this it is assumed that business shall continue for a foreseeable period and there is no intention to close the business or scale down its operations. It is because of this concept that a distinction between capital & revenue expenditure.

2) Consistency assumptions- accounting practices once selected and adopted should be applied consistency year after year. Change if law or accounting standard requires, straight line method and written down value method.

3) Accrual assumptions- A transactions are recorded in the books of accounts at the time when it is entered into and not when the settlement takes place. Thus revenue is recognized when it is realized. The concept is particularly important because it recognizes the assets, liabilities, income and expenses as and when transactions relating to it are entered into.

4) Accounting entity or business entity- according to business entity principle business is considered too be separate and distinct from its owners. Business transactions therefore are recorded in the books of accounts from the business point of view and not from that of the owners. The accounting entity principle is a useful principle as from it responsibility accounting has developed.

5) Money measurement principle- According to the money measurement principle, transactions and events that can be measured in money terms are recognized in the books of accounts of the enterprise. Money is the common denominator in recording & reporting all the transactions.

6) Accounting period principle- According to accounting period principle the life of an enterprise is broken into smaller periods so that its performance is measured at regular intervals. The life of the enterprise is broken into smaller periods which are termed as accounting period. An accounting period is the interval of time at the end of which income statement (P & I account or statement of profit & loss in the case of a companies and balance sheet are prepared to know the result and resources of the business.

7) Full disclosure principle – there should be complete and understandable reporting on the financial statement of all significant information relating to the economic affairs of the entity. Good accounting practice requires all material and significant information to be disclosed. Reason for low turnover should be disclosed.

8) Materiality concept – It refers to the relative importance of an item or an event. An item should be regarded as material if there is a reason to believe that knowledge of it would influence the decision of an informed investors.

9) Prudence or conservatism principle – Do not anticipate a profit but provide for all possible losses. It takes into consideration all prospective losses but not the prospective profit. The financial statement present a realistic picture of the state of affairs of the enterprise and do not paint a better picture than what it actually is conservatism does not record anticipated revenue but provide all anticipated expenses & losses. It may be used to create secret reserve.

10) Cost concept or historical concept – According to this asset is recorded in the books of accounts at the price paid to acquire it and the cost is the basis for all subsequent accounting of the assets should be shown in the book of accounts at its book value. Cost concept brings objectivity in the preparation and presentation of financial statements. They are not influenced by the personal bias or judgement.

11) Matching concept – It is necessary to match revenues of the period with the expenses of that period to determine correct profit or loss for the accounting period. As per this concept adjustments are made for all outstanding expenses, prepaid expenses, accrued income, unearned income. The expenses for an accounting period are matched against related revenues rather than cash received & cash paid.

12) Dual concept or duality – The transactions entered into by an enterprise has two aspects a debit and a credit of equal amount. For every debit there is a credit of equal amount in one or more accounts. Capital = assets.

13) Revenue recognition concept – Revenue is considered to have been realized when a transactions has been entered into and the obligation to receive the amount has been established.

Verifiable objective concept – It holds that accounting should be free from personal bias. It means all accounting transactions should be evidenced and supported by business documents. These supporting documents are cash memo, invoices, sales bills etc and they provide the basis for accounting & audit.

CAPITAL AND REVEUNE EXPENDITURE

Capital expenditure – It results in addition to an asset accident expenditure incurred for improving and extending an existing asset is called capital expenditure. It makes an asset more valuable & increase their liability. Money spent on repairs to increase the life of an asset.

Examples of capital expenditure are as follows- 1) Purchase of machinery 2) Purchase of land 3) Cost of making additions to building 4) Enlarging the seating accommodation of a college hall 5) Interest on capital paid during the period of construction 6) Expenditure in connection with or incidental to the purchase or installation of an asset. 7) Additions and extensions to existing assets. 8) Interest and financing charges paid, brokerage and commission paid.

Revenue expenditure – A revenue expenditure is one that result in addition to an expense account. Revenue expenditures do not increase the earning capacity of the asset nor prolong is estimated useful life but represent normal maintenance cost. Incurred in one period of the accounting the full benefit of which is enjoyed in that period only. It includes all expenses which arise in normal course of business.

Examples are selling and distribution expenses incurred for sale of finished goods e.g. sales office expenses, delivery expenses & advertisement expenses.

Compensating error- when one mistake nullifies the wrong effect of another it is called a compensating error. These are two or more error in number and balance each other. These are generally arithmetical error.

Error of principle- These are error arising from not observing the accounting principles correctly eg wages paid for installation of machinery debited to wages a/c, purchase of fixed assets on credit recorded in purchase journal. These error will not affect the trial balance.

Some important types of Accounting –

- 1) **Inflation accounting**- Inflation rate is the percentage of change in the price level from the previous period. Inflation a/c is to correct the conventional historical cost accounts for the understatement of inventory and plant used in production i.e the cost of goods sold & depreciation in order to prevent erosion of capital during inflation.
- 2) **Human resource accounting** – It is basically an information system that tells management what changes are occurring over time to the human resources of the business.
- 3) **Social Accounting**- social accounting and audit is a framework which allows an organization to build on existing documentation and reporting and develop a process whereby it can account for its social performance and draw up an action plan to improve on that performance and through which it can understand its impact on the community and be accountable to its key stakeholders.
- 4) **Responsibility accounting**- The framework of responsibility accounting was developed by Prof. A.J.E. Sorgdrager titled particularization of Indirect cost. Responsibility accounting is a method of budgeting and performance reporting created around the structure of the organization. It is designing the accounting system according to answerability of the managers also called profitability account and activity account.

RATIO ANALYSIS

Relationship between two figures expressed in arithmetical terms is called a ratio.
Relationship between two or more variables.

Main objectives of ratio analysis are as follows- 1) Liquidity 2) Leverage/solvency (strength of the firm) 3) Activity ratio (efficiency of assets) 4) Profitability (profit of the firm) 1) Liquidity ratio – ability of firm to meet its current liabilities.

Short term solvency

It includes 3 ratio's 1-current ratio. 2-liquid ratio. 3-working capital ratio.

Current ratio shows relationship between current assets and current liabilities.

Its ideal ratio 2:1

It is susceptible to window dressing

Current ratio = current assets/ current liabilities

Acid test/ quick ratio / liquid ratio – whether the firm is in a position to pay its current liabilities within a month or immediately.

Most rigorous test of liquidity

Ideal ratio 1:1

Quick ratio = liquid assets/ current liabilities

Liquid assets include all current assets except stock and prepaid expenses.

Net working capital ratio = current assets – current liabilities

LEVERAGE OR SOLVENCY RATIO (soundness of the long term financial policies of the firm)

1) Debt equity ratio – desirable 2:1, relationship between long term loans and shareholders fund or net worth.

2) Total assets to debt ratio = total assets/ long term loans

3) Total assets includes all current as well as fixed assets and exclude all fictitious assets such as- preliminary expenses, underwriting commission, share issue expenses, discount on issue, debit balance of p & l account. 4) Properitory ratio = equity/ total assets

ACTIVITY RATIO OR TURNOVER RATIO (it indicates the rapidity with which the resources available to the concern are being used to produce sales.

Calculated on the basis of sales or cost of sales Inventory turnover ratio/ stock turnover ratio – relationship between cost of goods sold & average stock

Cost of goods sold/ average stock

Indicates whether stock has been efficiently used or not

Shows the speed with which the stock is rotated into sales or number of times the stock is turned into sales during the year.

Higher the ratio better it is

Ratio can be used for comparing the efficiency of sales policies of two firms doing same type of business.

Whose stock turnover is higher will be treated as more efficient.

Debtor turnover ratio = net credit sales/ average debtors + average br

Credit sales= total sales – cash sales

Average collection period = number of days in year/ debtor turnover ratio

Creditors turnover ratio/ payables turnover ratio= net credit purchase/ average creditors + average bills payable

It indicates the speed with which the amount is being paid to creditors

It increase the credit worthiness of the firm.

Average payment period = 365 days / creditors turnover ratio

Working capital turnover ratio= net sales/ working capital

PROFITABILITY RATIO/ INCOME RATIO

The efficiency & success of a business can be measured with the help of profitability ratio.

Gross profit ratio = gross profit/net sales *100

Net sales= sales- sales return

The margin of profit available on sales, higher the gross profit better it is.

Operating profit- measures the proportion of an enterprise cost of sales & operating expenses.

Operating profit= cost of goods sold + operating expenses/net sales* 100

Gross profit= net sales- cost of goods sold

Cost of goods sold= net sales- gross profit

Operating expenses include office & administration expenses + selling & distribution expenses + discount+ bad debt+ interest on short term loans.

Not included non- operating expenses such as loss on sales of assets, loss from fires, charities, donations, income tax.

Lower operating ratio is better

Net profit ratio= net profit / net sales * 100

Operating profit ratio= operating profit/net sales* 100

Operating profit = gross profit- operating expenses

EPS (Earning per share) – its shows the overall profitability of a company.

Earnings refer to profit available for equity shareholders.

EPS= net profit (after tax, dividend on interest)/ no of equity shares

This ratio is helpful in the determination of the market price of equity share of the company.

The capacity of the company to declare dividends on equity shares.

CASH FLOW STATEMENT

It is a statement showing inflows (receipts) and outflows (payments) of cash during a particular period.

The term cash here stands for cash & cash equivalent.

It is also known as statement of changes in financial position.

For past- cash flow, for future – cash budget.

Cash flow statement prepared at the end of the year.

It is useful for short term financial planning.

Three activities are included in this- 1) operating activities 2) investing activities 3) financing activities.

There is a possibility of window dressing in cash flow statement so fund flow statement presents a more realistic picture than a cash flow statement.

It ignores the accrual concept It is of historical nature

Format of cash flow statement (AS-3)

1) CASH FLOW FROM OPERATING ACTIVITIES

Net profit before tax& extraordinary items

Adjustment for depreciation, foreign exchange, loss on sale of fixed assets, gain on sale of fixed assets, interest paid, interest received, dividend received.

Operating profit before working capital changes- ADD (+) decrease in current assets, increase in current liabilities. Sub (-) Increase in current assets, decrease in current liabilities.

Cash generated from operating activities, Income tax paid

Net cash from operating activities.

2) CASH FLOW FROM INVESTING ACTIVITIES

Purchase of fixed assets

Purchase of fixed assets

Purchase of Investment

Sale of Investment

Interest received

Dividend received

Net cash from investing activities

3) CASH FLOW FROM FINANCING ACTIVITIES

Proceeds from issue of share capital

Proceeds from long term borrowings

Repayment of long term borrowings

Interest paid

Dividend paid

Net cash from financing activities

PRACTICE SETS

1. Consider the following statements:

1. Sharing profits as a conclusive evidence of a partnership.

2. A partner of a partnership firm is treated as an agent of the other partner.

3. A third party cannot file a suit against as unregistered firm or its partners.

Which of the above statement is true

- a. Only 1
- b. Only 3
- c. 1, 2, and 3
- d. 2 and 3

2. The maximum limit of partners in a firm has been specified by

- a. The indian partnership Act 1932
- b. The indian contract act 1972
- c. The indian companies act 1956
- d. The consumer protection act 1985

3. Which of the following is not an example of partnership?

- a. Sonu and Charu, co-owners, agrees to conduct the business in common for profits
- b. Four bus operators each having 10 buses combine by an agreement into one firm.
- c. Kalpna and Vandna jointly own a boat which they use for rowing as business on Sundays and holidays and equally divide the earnings
- d. Chandrika and Arpana from an association to which each contributes Rs 1000 annually. The purpose is to produce cloth for distributing free to war windows.

4. A partner who never takes active part in the conduct of the business of the firm, is known as

- a. Nominal partner
- b. Active partner
- c. sleeping or dormant partner
- d. sub-partner

5. Chetan starts a business under sole proprietorship and appoints Ketan as the manager of the business. Chetan used Ketan's name in the title of the firm with Ketan's permission. The business is carried on under the name Chetan-Ketan & Co. here Ketan will be treated as

- a. Partner in profits only
- b. Partner by estoppel or holding out
- c. Sub-partner
- d. Active oartner

6. Dissolution of partnership must take place when

- a. A partner misbehaves
- b. A partner becomes of unsound mind
- c. Business is running at a loss
- d. A partner dies

7. Partner's current account are opened when their capital account are

- a. Fixed
- b. Fluctuating
- c. None of these
- d. Semi-permanent

8. The interest on the capital accounts of partners is credited to

- a. Interest account
- b. Partners' capital account
- c. Profit and loss account
- d. None of the above

9. In the absence of an agreement to the contrary, the partners shall

- a. Be paid salaries
- b. Not be paid salaries
- c. Be paid salaries but only to working partners
- d. None of the above

10. A, B and C are partners sharing profits in equal ratio. Capital on 1st july 2014 are A Rs 20000, B Rs 10000 and C Rs 10000. Their private properties are A 15000, B 7000 and C 1500. What is the extent of their liability in the firm?

- a. A Rs 40000; B Rs 30000; C Rs 20000
- b. A Rs 15000; B Rs 22000; C Rs 20000. Their private properties are A Rs 15000, B Rs 7000 and C Rs 11500
- c. A Rs 35000; B Rs 17000, C Rs 11500
- d. Equal

11. The partnership deed provides for a salary of Rs 7000 per month to partner A. if A withdraws only Rs 5000 in a month, the remaining Rs 2000 is
- a. Credited to profit and loss account
 - b. Credited to the current account of partner A
 - c. Credited to salary payable account
 - d. Debited to his capital account

12. A, B and C are partners in a firm. If D is to be admitted as a new partner
- a. Old partnership has to be dissolved
 - b. Old firm has to be dissolved
 - c. Both old firm and partnership have to be dissolved
 - d. Neither firm nor partnership need to be dissolved

13. A is admitted as a nominal partner in a firm of P, Q and R. he can become a partner by:
- a. Purchase of an interest from one or more of old partners
 - b. Contributing cash to the partnership firm
 - c. Contributing any other asset to the partnership
 - d. Not contributing any asset to the partnership firm

14. In the absence of an agreement to the contrary, partners share profits and losses in
- a. The ratio of their capitals in the beginning of the year
 - b. The ratio of their capitals at the end of the year
 - c. The ratio of average capital
 - d. Equal ration

15. In the absence of an agreement to the contrary, the partners
- a. Are entitles for 6% interest on loans to the firm
 - b. Are entitled for 6% interest on loans to the firm, whether there are profit or not
 - c. Are not entitled for any interest on loans to the firm
 - d. Are entitled for 9% interest on loans, only when there are profits.

16. In the absence of an agreement to the contrary, the partners
- a. Are entitled 6% interest on their capitals, only when there are profits
 - b. Are entitled 9% interest on their capitals, only when there are profits.
 - c. Are entitled for interest on capital at the bank rate, only when there are profit.
 - d. Are not entitled for any interest on theory capitals

17. In the absence of an agreement to the contrary
- a. An active partner is entitled for salary and sleeping partner for interest on capital @6% p.a
 - b. An active partner is entitled for salary and each partner for interest on capital @6% p.a
 - c. All partners are entitled for salary and interest on capital @6%
 - d. No partner is entitled for salary or interest on capital

18. When interest s to be allowed on the capital of the partner?

- a. Interest will be allowed even of there is a loss
- b. Interest will be limited to the amount of profit
- c. Interest will not be allowed if profits are not sufficient to pay off the full amount of interest
- d. Interest payable will be accumulated to be paid in the future years, if there is a loss.

19 Which of the following is correct statement?

- a. A firm may not acquire a joint life policy on the file of the partners.
- b. Retirement of a partner results in reconstruction of the firm
- c. For past profit or reserves, the amount is not credited to all the partners in the old profit sharing ratio.
- d. The amount of general reserve is transferred to partner's capital accounts in capital ratio.

20. The current account of a partner

- a. Will always have a credit balance
- b. Will always have a debit balance
- c. May have a debit balance or a credit balance
- d. None of these

21. A and B are partners sharing profits in the ratio of 7:3. C was admitted on 3/7 share in the profits, the new profit sharing ratio of the partners will be

- a. A:B:C :: 14:6:15
- b. A:B:C :: 7:6:7
- c. A:B:C :: 7:3:3
- d. A:B:C :: 5:3:3

22. A and B are partners in a firm, sharing profits in the ratio 3:2. They admit C as partner of 1/3 share in the profits of the firm. The new profit sharing ratio of A, B and C is

- a. 3: 2: 1
- b. 3: 2: 2
- c. 3: 2: 3
- d. 6: 4: 5

23. K and L sharing profits in the ration of 7:3 admit M on 3/7 share in the new frm which he takes 2/7 from K and 1/7 from L. the new ratio of K, L and M will be

- a. 7:3:3
- b. 4:2:3
- c. 14:6:15
- d. 29:11:30

24. A and B shared profits in the ratio of 7:3. C was admitted as a partner. A surrendered 1/7th of his share and B 1/3 of his share in favor of C. the ratio of A, B and C will be

- a. 6: 2: 1
- b. 6: 2: 2
- c. 12: 2: 2
- d. 14: 6: 13

25. C, M and Y are partners in the ratio of $\frac{1}{2}$: $\frac{2}{5}$: $\frac{1}{10}$. What will be new ratio of the remaining partners if C retires:

- a. 2: 1
- b. 4:1
- c. 5:1
- d. 3:1

26. P Q and R were partners in the ratio of 1/5, 1/3 and 7/15 respectively. R retires and his share was taken up by P and Q in the ratio of 3:2. The new ratio of P and Q will be

- a. 13:12
- b. 12:15
- c. 12:13
- d. 14:15

27. A B and C share profits and losses in the ratio of 6:5:3. D is admitted into partnership for 1/8th share. The sacrificing ratio of A B and C is

- a. Equal
- b. 6:5:3
- c. 5/14: 4/14 : 3/14
- d. none of these

28. P and Q are sharing profits in the ratio of 4:3. R joins and new ratio among P, Q and R will be is 7:4:3. The sacrificing ratio between P & Q.
 q. Equal b. 4:3 c. 2:2 d. 1:2
29. X Y and Z are partners and decide to share profits and losses in the ratio of their capitals. The capital on 1st Jan 2014 are Rs 10000. Rs 15000, and Rs 17000 for X Y and Z respectively. The current account balances on that date are 2000 (cr.) Rs 3000 (cr.) and Rs 1000 (cr) for X Y and Z respectively. The profit sharing ratio for X Y and Z will be
 a. 10:15:17 b. 12:18:18 c. 12:12:18 d. 2:3:1
30. On the death of a partner the amount of joint life policy should be credited to the capital account of
 a. Remaining partners in the new profit ratio
 b. All partners including the deceased partner in their profit sharing ratio
 c. Neither the deceased partner nor the remaining partners
 d. None of the above
31. What account are debited and credited to record the division of net income among partners at the end of the accounting year?
 a. Profit and loss account Dr. Partners' capital account Cr.
 b. P&L account Dr. Partners current account Cr.
 c. Partners current account Dr. Profit and loss Cr
 d. None of the above
32. On the admission of a new partner the increase in the value of an asset is credited to
 a. P&L adjustment a/c b. Asset a/c
 c. Old partners' capital a/c d. None of the above

ANSWER KEYS

1=D	2=C	3=D	4=C	5=B	6=D	7=A	8=B	9=B	10=C
11=B	12=A	13=D	14=D	15=B	16=D	17=D	18=B	19=B	20=C
21=A	22=D	23=D	24=B	25=B	26=C	27=B	28=D	29=A	30=B
31=A	32=A								

1. Manufacturing account is prepaid by
 a. Pharma industry b. Cement industry
 c. Iron industry d. All of the above
2. Which of the following is not an advantage of trading account?
 a. The percentage of gross profit serves as a guide in fixing the selling price of the goods in future
 b. The percentage of net profit on sales can be ascertained
 c. The stock at commencement can be compared with the stock at end in order to ascertain whether the purchases have been wise
 d. The trading account affords facilities for comparing the figures of sales and direct expenses with those of previous years.

3. Call in Arrears is shown in the balance sheet on the liability side
- By deducting the amount from the called up capital
 - Under the heading Reserve and Surplus
 - By deducting the amount from the capital reserve
 - By deducting the amount from the share forfeited account
4. Unclaimed dividends is shown on the liability side of the balance sheet under the heading
- Reserves and surplus
 - Provisions
 - Current liabilities
 - Miscellaneous items
5. Interest paid on debenture is shown in
- The profit and loss account.
 - The profit and loss appropriation account
 - The balance sheet liability side under the heading current liabilities
 - The balance sheet by adding to the debentures account.
6. Carriage outwards are shown in the
- Trading account
 - Profit and loss account
 - Balance sheet
 - None of the above

7. Match list-I with list-II and select the correct answer using the codes given below the lists

List-I (item of balance sheet of company)	List-II (Heading of balance sheet)
a. profit prior to incorporation	1. Provisions
b. Proposed dividend	2. Misc expenditure
c. Interest paid out of capital	3. Current liabilities
d. Unclaimed dividend	4. Reserves and surplus

Codes:

	A	B	C	D
a.	4	1	3	2
b.	4	1	2	3
c.	1	4	2	3
d.	1	4	3	2

8. Match list -I with list- II and select the correct answer using the codes given below the lists:

List-I (item of balance sheet of company)	List -II (Heading of balance sheet)
a. Preliminary expenses	1. Current account
b. Other liabilities	2. Current asset
c. Loose tools	3. Misc. expenditure
d. Bill of exchange	4. Loan and advances

Codes

	A	B	C	D
a.	1	2	4	3
b.	3	2	1	4
c.	3	1	2	4
d.	3	1	4	2

9. Which of the following is a correct statement?

- a. A share certificate is conclusive evidence of its holders title to share
- b. A minor can be a shareholder
- c. Persons who got shares due to transmission have no right to cast vote
- d. Shares can be allotted by a company before its subscription is declared open

10. The paid up capital of Mukund Ltd is 1800000. The company decided to propose a dividend of 216000 out of current profit. How much of current profit is to be transferred to reserve?

- a. At least 2.5%
- b. At least 5%
- c. At least 10%
- d. None of the above

11. Assertion – contingent liabilities is included in the total of the liability side of the balance sheet of a company.

Reasoning – contingent liabilities are those which may or may not arise in future.

- a. Both assertion and reasoning are correct and reasoning correctly explains the assertion.
- b. Both assertion and reasoning are correct but reasoning does not explain the assertion correctly.
- c. Assertion is correct but reasoning is wrong.
- d. Assertion is wrong but reasoning is correct
- e. Both assertion as well as reasoning is wrong.

12. Which of the following is not a current liability in the balance sheet of a company?

- a. Loan from bank
- b. Acceptance
- c. Unclaimed dividend
- d. Interest accrued but not due on loan.

13. Which of the following is a revenue reserve?

- a. Capital reserve
- b. Capital redemption reserve
- Security premium account
- Debenture redemption reserve

14. Match list-I with list II and select the correct answer using the codes given below the lists:

List-I (item of balance sheet of company)	List-II (heading of balance sheet)
a. Sundry debtors	1. Fixed asset
b. Bills of exchange	2. Misc expenses
c. Live stock	3. Current assets
d. Shares issue expenses	4. Loans and advances

Codes:

	A	B	C	D
a.	3	4	2	1
b.	2	1	3	4
c.	1	2	3	4
d.	3	4	1	2

15. If the machinery purchased for Rs 30000 written down to Rs 18000 by writing off depreciation, is sold for Rs 35000. Then treatment of such profit in our book will be

- Profit of Rs 17000 (i.e 35000 – 18000) will be taken to P/L account.
- Profit of Rs 5000 (i.e 35000 – 30000) will be taken to p/l account
- Profit of Rs 5000 (i.e 35000 – 30000) will be taken to capital reserve and Rs 12000 (i.e 30000 – 18000) will be taken to p/l account
- Profit of Rs 17000 (i.e 35000 – 18000) will be taken as capital reserve and capital profit

16. Which of the following statement is correct?

- A company need not provide for depreciation if it does not want to declare dividends.
- Depreciation has to be provided for if dividends are to be declared
- The fact that depreciation has not been provided for together with the quantum of arrears of depreciation must be stated by way of notes.
- All of the above

17. Any capital profit or any appreciation in value of fixed assets may be distributed as dividend provided

- The revaluation of all the assets discloses a surplus
- The profit has been realized in cash
- The articles of company permit such a distribution
- All of the above

18. Shares in Neha Ltd was acquired by Mr. Paras at a cost of Rs 50000. During the current p/y he got right to acquire fresh shares on the date of receiving the right entitlement intimation fair market value of existing shares held by Mr Paras was Rs 60000. Mr Paras sold the right paper for Rs 75000. His capital gains liability would be

- 10000
- 75000
- 25000
- 15000

19 Unabsorbed scientific research Rs 76500 (revenue nature Rs 165000) can be carried forward for a maximum period of

- 6 years
- 5 years
- 4 years
- 2 years

20 Profit before depreciation and the amount of depreciation of Jaipur Pvt Ltd for two years are

Year	Profit before depreciation	Depreciation
2013-14	20000	15000
2014-15	100000	20000

The amount of divisible profit for the year 2014-15 is

- a. 65000 b. 60000 c. 85000 d. 80000

21. Which of the following statement is correct:

- a. Dividend is to be paid within 30 days of declaration
- b. Shareholders may declare a dividend smaller than recommended by board
- c. They cannot declare a larger dividend or any dividend where none has been recommended
- d. All of the above

22. According to the companies act 2013 a company may issue fully paid up bonus shares to its members out of

- a. Free reserves b. Security premium account
- c. Capital redemption reserve account d. All of the above

23. The promotion stage of a company begins with the

- a. Conception of an idea about some business activities
- b. Translation of the idea into a reality
- c. Discovery and investigation of business opportunities
- d. Planning and assembling of all resources

24. A company comes into existence only after its

- a. Registration b. Promotion
- c. Scrutiny of documents d. Allotment of CIN

25. Those fixed assets which lose their value because of use are called

- a. Fictitious assets b. Intangible assets
- c. Floating assets d. Wasting assets

26. Which of the following is not an intangible asset?

- a. Goodwill b. Preliminary expenses
- c. Patents rights d. Copy rights

27. Banks usually arrange their assets and liabilities in the

- a. Order of permanence b. Order of liquidity
- c. Order of incomes d. Order of expenses

28. Excise duty on goods manufactured in the country is debited to

- a. Trading account b. Profit and loss account
- c. Cash account d. None of the above

29. Income tax paid is debited to

- a. Trading account b. Profit and loss account
- c. Drawing account d. Cash account

30. Apprentice premium is credited to

- a. Trading account b. Profit and loss account
- c. Drawing account d. None of the above

31. Which of the following is not a correct statement?

- Balance sheet indicates the financial position of the business on a particular place
- Balance sheet is prepared after the preparation of trading and profit and loss account
- Assets represent debit balances in the ledger
- Liabilities are shown on the left hand side of the balance sheet

ANSWER KEYS

1=D	2=B	3=A	4=C	5=A	6=B	7=B	8=C	9=A	10=A
11=D	12=A	13=C	14=D	15=C	16=D	17=D	18=B	19=C	20=A
21=D	22=D	23=A	24=A	25=D	26=B	27=B	28=A	29=C	30=B
31=A									

1. Consider the following statements:

- To know about the profitability, ownership, solvency, financial strength, trends, gearing and cover etc. is the main objective of financial analysis
- Vertical financial analysis is also known as dynamic analysis.
- Analysis done by CEO of the company is known as external financial analysis.

Which of the above statement is not true

- 1, 2 and 3
- 2 and 3
- only 1
- only 2

2. Match the following

List-I (Types of financial analysis)	List-II (main characteristics)
a. Dynamic analysis	1. Depends on published records.
b. Static analysis	2. Horizontal analysis
c. Internal analysis	3. Vertical analysis
d. External analysis	4. More confidential

Codes:

- | | | | | |
|----|---|---|---|---|
| | A | B | C | D |
| a. | 3 | 4 | 1 | 2 |
| b. | 2 | 3 | 4 | 1 |
| c. | 1 | 4 | 2 | 3 |
| d. | 4 | 2 | 1 | 3 |

Question 3-6 are based on the following data:

Capital structure of a company is 7% preference share Rs 1 each 60000

Ordinary shares Re 1 each 1600000

Profit after taxation @50% 542000

Ordinary dividend paid 20%

Depreciation Rs 120000**Market price of ordinary shares Rs 4**

3. Calculate dividend yield on the ordinary shares

- a. 15% b. 10% c. 5% d. 2%

4. The cover for preference dividend is

- a. 13.4 times b. 12.9 times c. 11.7 times d. 10.9 times

5. The cover for ordinary dividend is

- a. 1.10 times b. 1.20 times c. 1.34 times d. 1.56 times

6. Earning yield is

- a. 6.2 b. 7.8 c. 5.9 d. 9.3

Question 7-10 are based on the following data**Total assets employed 800000** **$\frac{1}{2}$ of the assets are financed by a loan at an interest rate of 16% direct cost for the year 48000****Operating expenses 80000****Goods will be sold to customers at 150% of the direct cost****Income tax rate -50%**

7. Calculate net profit margin

- a. 3.6% b. 6.7 c. 15% d. 20%

8. What shall be the return on assets?

- a. 5% b. 10% c. 14% d. 20%

9. Assets turnover is

- a. 0.9 times b. 0.5 times c. 0.8 times d. 0.5 times

10. The interest paid during the year is

- a. Rs 64000 b. 16000 c. 32000 d. 48000

Questions 11- 15 are based on the following data:**Equity 100000****Current debt to total debt ratio 0.40****Total debt to owners equity 0.60****Fixed assets to owners equity 0.60**

Total assets turnover 2 times**Inventory turnover 8 times**

11. The total is
a. 50000 b. 60000 c. 70000 d. 80000
12. Calculate the total amount of fixed assets
a. 50000 b. 60000 c. 70000 d. 80000
13. Total assets will be
a. 150000 b. 160000 c. 170000 d. 180000
14. Sales is
a. 30000 b. 310000 c. 320000 d. 330000
15. Inventory will be
a. 10000 b. 20000 c. 30000 d. 40000
16. Which ratio is known as a complementary of net profit ratio?
a. Gross profit ratio b. Operating profit ratio
c. Operating ratio d. None of the above
17. Operating costs include
a. Selling expenses b. Administrative expenses
c. Financial charges d. Direct labour cost
18. Which current ratio is 2:1 an equal increase in current assets and current liabilities would
a. Increase the current ratio b. Decrease the current ratio
c. Not change the current ratio d. None of the above
19. Which of the following is a satisfactory liquid or acid test ratio?
a. 2:1 b. 1:2 c. 1:1 d. none of the above
20. Stock turnover ratio is calculates as
a. Turnover at selling prices / stock at cost b. Turnover at cost/stock at cost
c. Cost of goods sold/ average stock d. Any of the above
21. When the current ratio is 2:5 and the amount of current liabilities is Rs 50000. What is the amount of current assets?
a. 62500 b. 12500 c. 20000 d. none of the above
22. When quick ratio is 1.5 :1 and the amount of quick assets Rs 9000. What is the amount of quick liabilities?
a. 60000 b. 50000 c. 45000 d. 30000

23. Price earnings ratio (PER) is calculated according to the following formula
- Earnings per share / market price per equity share
 - Market price per equity share / earning per share
 - Net profit tax and interest / no. of equity shares
 - None of the above
24. Which ratio is known as a complementary of pay-out ratio?
- Retained earnings ratio
 - Dividend yield ratio
 - Debt service coverage ratio
 - None of the above
25. Current ratio is a
- Balance sheet ratio
 - Profit and loss ratio
 - Combined ratio
 - Activity ratio
26. Which of the following items is not taken into account while computing current ratio?
- Sundry creditors
 - Sundry debtors
 - Contingent liabilities
 - Bank overdraft
27. Which of the following items is not taken into account while computing quick ratio?
- Cash
 - Bank balance
 - Bank overdraft
 - Sundry creditors
28. When opening stock is Rs. 50000, closing stock Rs 60000 and cost of goods sold Rs 220000 the stock turnover ratio is
- 2 times
 - 3 times
 - 4 times
 - 5 times
29. The most important test of long-term solvency of a business is
- Net profit / sales
 - Total assets / total outside liabilities
 - Debt / equity
 - None of the above
30. Which of the following items is not an operating expenses?
- Advertising
 - Depreciation of office equipment
 - General management salaries
 - Loss on the sale of motor car
31. Debtors turnover ratio is
- Credit sales / average debtors
 - Total sales / average debtors
 - Credit sales * days in the year / debtors
 - None of the above
32. When net sales for the year are Rs 500000 and debtors Rs 100000 the average collection period is
- 60 days
 - 45 days
 - 42 days
 - 72 days
33. Shareholders fund / total assets * 100 is a
- Liquidity ratio
 - Solvency ratio
 - Profitability ratio
 - Credibility ratio

34. A high stock turnover ratio does not mean that the company is
- Buying in small lots
 - Efficient and sells quickly
 - Buying in big lots and sells slowly
 - None of the above
35. Gross profit ratio is the ratio of
- Gross profit to net total sales
 - Gross profit to net credit sales
 - Gross profit to net cash sales
 - Gross profit to net capita; sales
36. Net profit ratio is calculated by which of the following formula?
- Net profit * 100 / total sales
 - Net profit * 100 / total sales – sales returns
 - Net profit * 100 / capital employed
 - None of the above
37. Given Fixed long term liabilities Rs 550000 fixed assets Rs 1200000 capital Rs 850000 current liabilities Rs 250000 current assets Rs 400000. Debt / equity ratio is
- 5:12
 - 5:16
 - 11:17
 - 3:7
38. If operating expenses is 75% then operating profit will be
- 25%
 - 100%
 - 50%
 - 175%
39. If the cost of goods sold is Rs 1 lakh the value of operating and closing stock is Rs 20000 and Rs 30000 respectively the stock turnover ratio will be
- 3.3 times
 - 4 times
 - 5 times
 - 2.3 times
40. Acid test ratio is equal to quick current assets divided by
- Current liabilities
 - Quick current liabilities
 - Non-current liabilities
 - Contingent liabilities
41. Return on equity is obtained by dividing net profit (after tax) less preference divided by
- Equity capital
 - Current assets
 - Total capital
 - Equity capital minus preference capital
42. Gross capital employed is equal to
- Fixed assets
 - Net current assets
 - Net fixed assets plus current assets
 - None of the above
43. When operating profit ratio 25% and capital turnover ratio 2%. What is the return on investment?
- 75%
 - 50%
 - 25%
 - none of the above
44. Charu ltd has a liquid ratio of 1:5. Its net working capital is Rs 120000 and its inventory is Rs 80000. The current assets are
- 100000
 - 30000
 - 350000
 - 200000
45. If total current liabilities are increased but total current assets remain unchanged then the current ratio will

- a. Improve b. decline c. no effect d. both A and B
46. If total shareholders' funds are increased by the amount of shares capital issued but total long term debts remain unchanged, then the debt equity ratio will be
a. Decreased b. increased c. unchanged d. both A and B
47. Which of the following transaction change the current ratio?
a. Purchase of goods for cash b. Plant acquire on account
c. Sold goods on credit d. Debentures converted into equity capital
48. In calculating the return on shareholders fund the denominator is
a. Equity capital + reserves & surplus b. Preference capital
c. Equity capital + preference capital d. Equity capital + preference capital + reserves – losses
49. Net worth of business means
a. Equity capital b. Total assets
c. Total assets – total liabilities d. Fixed assets – current assets
50. When the operating ratio is 81.5 the ratio of operating profit to sales will be
a. 191.5 % b. 18.5% c. 181.5% d. none of the above
51. The profit figure to be taken into account for calculating return on shareholders' equity is
a. Net profit after taxes b. Net profit before taxes
c. Net profit before taxes and interest d. None of the above
52. In calculating the earning per share the net profit is divided by
a. Number of equity shares b. Number of preference shares
c. Number of equity + preference shares d. None of the above
53. In computing the return on capital employed the profit figure to be taken into account is
a. Net profit after taxes + interest
b. Net profit after taxes and interest
c. Net profit after taxes interest and preference dividend
d. None of the above
54. Given share capital Rs 1000000 of shares of Rs 10 each net profit Rs 150000 preference dividend Rs 25000, taxes Rs 10000. What is EPS.
. Rs 1.50 b. Rs 1.25 c. Rs 1.15 d. none
55. When net profit is Rs 225000 taxes Rs 25000 and net worth Rs 1000000 what is the ratio of return on shareholders' equity?
a. 22.55% b. 20% c. 25% d. cannot be calculated
56. The return on capital employed shows how will the management has used the funds supplied by

- a. Equity shareholders
c. Shareholders and creditors

- b. Equity and preference shareholders
d. Debtors

57. Which accounting ratio will be useful in indicating the inability to pay interest?

- a. Debt equity ratio
c. Interest coverage ratio

- b. Debt service coverage ratio
d. None of the above

58. Turnover ratios are also known as

- a. Profitability ratios
c. Financial ratios

- b. Solvency ratios
d. Efficiency ratios

59. A shareholder who is examining his portfolio and who is to decide whether he should hold or sell his shares in a particular company. In this case, indicate the important accounting ratio that would be used

- a. Current ratio
c. Earnings per share

- b. Debt equity ratio
d. None of the above

60. Which accounting ratio will be useful in indicating the inability to pay dues to financial institutions?

- a. Debt equity ratio
c. Interest coverage ratio

- b. Debt service coverage ratio
d. Debt collection period

61. Agarwal Brothers provide following dates

Total sales = 220000

S/R 20000

Gross profit 50000

Closing stock 60000

Excess of closing stock over opening stock = Rs 20000. What is the stock turnover ratio?

a. 5 times

b. 4 times

c. 3 times

d. 2 times

62. Given total assets

2000000

Tax

25000

Profit before tax

225000

Net worth

1000000

What is the return on equity

a. 10%

b. 12.5%

c. 20%

d. 25%

63. The immediate solvency ratio is

- a. Quick ratio
c. Stock turnover ratio

- b. Current ratio
d. Debtors turnover ratio

64. Payout ratio means

- a. Ratio of debtors to creditors
b. Ratio of earning that are distributed through dividend

- c. Ratio of profit distributed to profit retained
d. None of the above

65. Current ratio is increased by

- | | |
|-------------------------------------|---|
| 1. Cash received from debtors | 2. Issue of redeemable debentures |
| 3. Selling the old machine for cash | 4. Converting debentures into equity shares |
| a. 1, 2, 3 | b. 1 and 3 |
| | c. 1 and 3 |
| | d. 3 and 4 |

66. ROI is the ratio between

- | | |
|------------------------------------|-------------------------------|
| a. Net profit and capital employed | b. Investment and profit |
| c. Turnover and capital employed | d. Cost of capital and profit |

67. Which of the following is an example of short term solvency ratio?

- | | |
|----------------------|--------------------------------|
| a. Debt equity ratio | b. Interest coverage ratio |
| c. Current ratio | d. Fixed assets turnover ratio |

68. Leverage implies that

- | |
|--|
| a. The return on equity share capital exceeds the interest on borrowed capital |
| b. The return on borrowed capital exceeds the return on capital share capital |
| c. Both a and b |
| d. None of the above |

69. Total current assets are increased by Rs 50000 but total current liabilities remain unchanged.
In this situation the current ratio will be

- | | | | |
|-------------|-------------|-----------------|--------------|
| a. Declined | b. improved | c. both A and B | d. no effect |
|-------------|-------------|-----------------|--------------|

70. The most rigorous test of liquidity is

- | | |
|----------------------|-------------------------|
| a. Current ratio | b. Acid test ratio |
| c. Absolute measured | d. Stock turnover ratio |

71. Current ratio may be increased by

- | | |
|--------------------------------|------------------------------------|
| a. Overstating current assets | b. Overstating current liabilities |
| c. Understating current assets | d. B and C |

72. ROE is computed as

- | |
|--|
| a. Net profit / sales |
| b. Cost of sales / capital employed |
| c. Net profit after tax and pref. dividend / shareholders fund |
| d. Operating net profit / shareholders' funds |

73. Given current ratio = 2:1

Net working capital = Rs 60000

What is the amount of current liabilities?

- | | | | |
|----------|----------|-----------|----------|
| a. 30000 | b. 60000 | c. 120000 | d. 90000 |
|----------|----------|-----------|----------|

74. With the information given in above question what is the amount of current assets?

- a. 30000 b. 60000 c. 120000 d. 90000

75. Given nominal value of share = Rs 10

No of shares issued 10000

Net profit after tax 20000

Dividend paid 10%

What is the EPS

- a. Rs 1 b. Rs 2 c. Rs d. Rs 2.5

76. With the information given in above question what is the pay out ratio?

- a. 10% b. 20% c. 40% d. 50%

77. A high payout ratio indicates that

- a. Management is ploughing back profits b. Management is not reinvesting profits
c. Company is earning high profits d. Earnings per share is high

78. Which of the following is not a correct statement?

- a. Debt equity ratio is a solvency ratio
b. Acid test denotes liquidity
c. Ratio analysis is a technique coordination
d. Composite ratios are known as inter statement ratios

79. When operating stock Rs 62000 purchase Rs 42000 sales Rs 600000 and rate of gross profit on cost 33.33% then the amount of closing stock is

- a. Rs 62000 b. Rs 32000 c. Rs 72000 d. Rs 42000

80. When quick ratio 3 current assets Rs 70000. Inventor Rs 10000, then the current liabilities will be

- a. Rs 40000 b. Rs 30000 c. Rs 20000 d. 10000

81. Collection of cash from debtors will cause the current ratio to

- a. Increase b. Decrease c. Have no effect d. None of the above

82. Selling inventory on account will cause the quick ratio to

- a. Increase b. Decrease c. Have no effect d. None of the above

83. Given

Cash = 5000

Total liquid assets = 40000

Stock = 20000

Current assets will be

- a. 60000 b. 40000 c. 20000 d. 65000

84. In computing debt or equity ratio, debt means

- a. Debentures as well as other long term loans
b. Short term creditors
c. Short term as well as long term creditors
d. Term loans

85. In debt or equity ratio equity includes

- a. Only equity capital b. Equity and preference capital
c. Equity and preference + reserves – losses d. None of the above

86. Which of the following assests are taken into account for current ratio?

1. Stock 2. Cash 3. Work in progress 4. Prepaid expenses
a. 1 and 2 b. 2 and 3 c. 1, 2 and 3 d. all of the above

87. Which of the following liabilities are taken into account for acid test ratio?

1. Trade creditors 3. Cash credit
2. Bank overdraft 4. Outstanding expenses
a. 1 and 2 b. 1 and 4 c. 1 2 3 4 d. 2 3 4

88. Given the following information

Debentures = 150000

Equity capital = 200000

General reserve = 9000

Accumulated profit = 60000

What is debt equity ratio?

- a. 3:4 b. 5:8 c. 15:29 d. 3:7

89. When fixed interest charge is Rs 50000 and interest coverage ratio is 10 times. What is the net profit before interest and tax?

- a. 5000 b. 5000000 c. 4500000 d. NOTA

90. Which of the following ratio indicates a favorable position if it is high?

- a. Inventory turnover ratio b. Capital turnover ratio
c. Debtors turnover ratio d. All of the above

91. Which of the following ratio is a favorable indication if it is low?

- a. Operating ratio b. Operating profit ratio
c. Inventory turnover ratio d. All of the above

92. Given stock turnover ratio = 8 times

Average stock = Rs 10000

Selling price 25% above cost

What is the amount of gross profit

- a. 2000 b. 4000 c. 20000 d. 12000

93. Which of the following are non-operating incomes?

1. Sale of merchandise

2. Interest income

3. Dividend income

4. Profit on the sale of old assets

- a. 1 2 and 3 b. 1 2 and 4 c. 2 3 and 4 d. 1 3 and 4

94. Gross profit may be increased by

1. Increasing selling price

2. Increasing cost of sales

3. Increasing sales of items with higher gross margin

4. Increasing sales by giving extra discounts

- a. 1 2 and 3 b. 1 2 and 4 c. 1 and 3 d. 1 3 and 4

95. Given that current ratio is 2:1, if the net working capital is Rs 60000 then the amount of current liabilities would be

- a. Rs 30000 b. Rs 60000 c. Rs 120000 d. Rs 90000

96. V kare P Ltd has an adverse current ratio. Which one of the following would improve this ratio?

a. Sale of fixed assets for cash

b. Collection of some of the current assets receivable

c. Use of cash to pay off some long term debts

d. Collection from sundary debtors

97. Sarvesh limited earns a net profit of Rs 200000 after tax during a certain financial period. Provision for taxation is Rs 20000 and income from investment is Rs 2000. Capital employed during the same period is Rs 1000000 return on capital employed is

- a. 10% b. 20% c. 38% d. 42%

98. Match list and list II and select the correct answer:

List-I	List II
a. Trading on equity	1. Earnings per share
b. Efficiency of inventory control	2. Liquidity ratio
c. Overall efficiency	3. Capital gearing
d. Immediate solvency	4. Stock turnover ratio

Codes:

- A B C D
- a. 2 1 4 3

- b. 3 4 1 2
- c. 3 1 4 2
- d. 2 4 1 3

99. Sonu Ltd provided the following data for 2019
Current ratio = 2.5:1

Net working capital Rs 300000

Current assets and current liabilities of this firm are respectively:

- a. Rs 3000000 and Rs 150000 b. Rs 500000 and Rs 200000
c. Rs 500000 and Rs 100000 d. Rs 300000 and Rs 100000

100. Match list I with list II

List-I	List-II
a. Leverage ratio	1. Liquidity position
b. Acid test	2. Efficiency of assets
c. Turnover ratio	3. Management of working capital
d. Current ratio	4. Debt and equity relationship

Codes:

- | | | | | |
|----|---|---|---|---|
| | A | B | C | D |
| a. | 4 | 1 | 3 | 2 |
| b. | 2 | 4 | 1 | 3 |
| c. | 2 | 3 | 1 | 4 |
| d. | 4 | 1 | 2 | 3 |

ANSWER KEYS

1=B	2=B	3=C	4=B	5=D	6=B	7=B	8=C	9=A	10=A
11=B	12=B	13=B	14=C	15=D	16=C	17=D	18=B	19=C	20=C
21=C	22=A	23=B	24=A	25=A	26=C	27=C	28=C	29=C	30=D
31=A	32=D	33=B	34=C	35=A	36=B	37=C	38=A	39=B	40=B
41=A	42=C	43=B	44=D	45=B	46=A	47=B	48=D	49=C	50=B
51=A	52=A	53=A	54=C	55=B	56=C	57=C	58=D	59=C	60=B
61=C	62=C	63=A	64=B	65=B	66=A	67=C	68=A	69=B	70=C
71=A	72=C	73=B	74=C	75=B	76=D	77=B	78=C	79=B	80=C
81=C	82=A	83=A	84=A	85=C	86=D	87=B	88=D	89=D	90=D
91=A	92=C	93=C	94=C	95=B	96=A	97=B	98=B	99=B	100=D

PREVIOUS YEAR QUESTIONS

1. Debt service coverage ratio indicates which one of the following
- a. effective utilization of assets
- b. number of times fixed assets cover borrowed funds

- c. excess of current assets over current liabilities
d. number of times surplus covers interest and instalments of term loans

2. Authorized capital of a company is Rs. 5 lakh; 40% of it is paid-up. Loss incurred during the year is Rs 50000. Accumulated loss carried from last year is Rs 2 lakh. The company has a tangible net worth of

- a. Rs 2 lakh b. Rs 2.5 lakh c. Rs – 50000 d. Rs 750000

3. consider the below mentioned statements and state the correct code of the statements being true or false.

Statement I A debt equity ratio 2:1 indicates that for every 1 unit of equity, the company has raised 2 units of debt.

Statement II The cost of floating an equity issue is lesser than the cost of floating a debt.

Codes

- a. both statements are false
b. bot statements are true
c. statement I is false and statement II is true
d. statement I is true and statement II is false

4. Debt management ratios do not include

- a. times interest earned ratio b. EBITDA coverage ratio
c. debt ratio d. price or cash flow ratio

5. Credit sales of a firm in a certain year amounted to Rs 1200000 and the sundry debtors outstanding at the beginning and the end of the year amounted to Rs 1,20,000 and Rs 80,000 respectively. Indicate the correct code for the debtors turnover ratio and the average collection period from the following.

- a. 10 and 1.2 months b. 12 ad 1 months
c. 15 and 0.8 months d. 6 and 2 months

6. Indicate the correct code for the liquidity ratios from the following

1. current ratio 2. Acid test or quick ratio
3. total assets turnover ratio 4. Defensive interval ratio

Codes

- a. 1, 2 and 3 b. 2, 3 and 4
c. 1,2 and 4 d. 1, 3 and 4

7. from the following particulars, determine funds from operations

Salaries	7000
Profit on sale of land	25000
Loss on sale of building	13000
Net loss as per P & L a/c	3200
Depreciation on machinery	16000
Amortization of goodwill	8000
Stationery expenses	5000

- a. Rs. 77,200 b. Rs 8800 c. Rs 3200 d. Rs 25000

8. When the total of both the sides of balance sheet is converted to 100 and each item is shown as percentage of the total and this exercise is carried out for more than two years, this analysis is known as

- a. index analysis b. trend analysis
c. DuPont analysis d. common size analysis

9. an analysis of percentage financial statement where all the balance sheet items are divided by the total assets and all the income statement items are divided by net sales or revenue is known as

a. index analysis

b. trend analysis

c. ratio analysis

d. common size analysis

ANSWER KEYS

1=D	2=C	3=D	4=D	5=B	6=C	7=B	8=D	9=D
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UNIT-7

FINANCIAL MANAGEMENT

1. Under which of the following method the time value of money is not considered –

- a) Net present value method,
- b) Internal rate of return method,
- c) Pay-back period method,
- d) all of the above.

Ans : c

2. Which one of the following represents number of years required to recover the initial investment?

- a) Accounting rate of return,
- b) Pay-back period,
- c) Internal rate of return,
- d) Net present value.

Ans : b

3. Other things being equal, stocks which are highly liquid command

- a) higher dividend payout ratio,
- b) lower dividend payout ratio,
- c) higher P/E ratio,
- d) lower P/E ratio.

Ans : c

4. Weighted average cost of capital may contain

- I. Cost of equity,
- II. Cost of debt,
- III. Cost of goods purchased,
- IV. Cost of initial investment.

Find the correct combination according to the code –

- I, II and III are correct
- II, III and IV are correct
- III and IV are correct
- I and II are correct.

Ans:

5. When a firm proposes to acquire another firm, the merger proposal may be viewed as a

- a) working capital management proposal,
- b) capital budgeting proposal,
- c) financing decision,
- d) dividend decision.

Ans : b

6. Which is the limitation of traditional approach of financial management?

- a) more emphasis on long-term problems,
- b) outsiders approach,
- c) ignores allocation of resources,
- d) all of the above.

Ans : d

7. Which one is the external source of fund?

- a) letters of credit,
- b) finance from companies,
- c) advance from customers,
- d) all of the above.

Ans : d

8. Paid-up value is payable on a life insurance policy –

- a) on the maturity of policy,
- b) when the policy lapses,
- c) when the policy is surrendered,
- d) on maturity or death whichever is earlier.

Ans : d

9. Financial management includes –

- a) measurement of performance,
- b) finance funding,
- c) working capital management,
- d) all of the above.

Ans : d

10. The finance manager plays an important role in –

- a) liquidation decision,
c) amalgamation,

Ans : d

- b) funding decisions,
d) all of the above.

11. Financial management is a part of –

- a) accounting,
c) financial accounting,

Ans : d

- b) business management,
d) all of these.

12. The nominal rate of interest is equal to –

- a) Real rate + Risk premium + Inflation
c) Risk premium + Inflation

Ans : a

- b) Real rate + Risk premium – Inflation
d) none of the above.

13. Which one is the internal source of finance?

- a) outstanding payment,
c) depreciation funds,

Ans : d

- b) provision of taxation,
d) all of these.

14 Sinking fund factor is the reciprocal of –

- a) Future Value Interest Factor (FVIF)
b) Present Value Interest Factor (PVIF)
c) Future Value Interest Factor of Annuity (FVIFA)
d) Present Value Interest Factor of Annuity (PVIFA)

Ans : c

15. Profit maximization is –

- a) an indicator of economic efficiency,
c) maximization of social benefit,

Ans : d

- b) a source of incentive,
d) all of the above.

16. Which is the assumption of Modigliani and Miller approach to cost of capital?

- a) the capital markets are assumed to be perfect,
b) the firms can be classified into homogeneous risk class,
c) all investors have the same expectations from a firm's net operating income which is necessary to evaluate the value of a firm,
d) all of the above.

Ans : d

17. Which one is the type of leverage?

- a) operation leverage,
c) cost leverage,

Ans : d

- b) financial leverage,
d) both 'a' and 'b'

18. Dividend is the income for the –

- a) stakeholders,
c) company,

Ans : b

- b) shareholders,
d) suppliers.

19. If cash inflows are not uniform, the calculation of pay-back period takes a –

- a) common position,
c) cumulative position,

Ans : b

- b) favorable position,
d) all of these.

20. Which one is a type of value?

- a) book value,
c) domestic value,

- b) wholesale value,
d) firm value.

Ans : a

21. Super profit method is used to calculate which type of value?

- a) Plant and machinery,
- b) Goodwill,
- c) Shares,
- d) Book-debts.

Ans : b

22. What is the advantages of 'NPV method'?

- a) This method considers the entire economic life of the project,
- b) It takes into account the objectives of maximum profitability,
- c) This method can be applied where cash inflows are even, d) d) All of the above.

Ans : d

23. Which factor determines capital structure?

- a) Risk,
- b) Cost of capital,
- c) Trading on equity,
- d) all of the above.

Ans : d

24. Total Assets – Total Liabilities is equal to –

- a) Net assets,
- b) Net worth,
- c) Net depreciation,
- d) NPV.

Ans : a

25. The proposal is rejected in case the profitability index is –

- a) less than one,
- b) less than zero,
- c) less than two,
- d) less than five.

Ans : a

26. The proposal accepted if the profitability index is more than –

- a) one,
- b) two,
- c) zero,
- d) three.

Ans : a

27. The ownership capital of Joint Stock Companies is divided into –

- a) equity shares,
- b) bonds,
- c) debentures,
- d) loans and preference shares.

Ans : a

28. Which factor determines dividend policy?

- a) debt repayment,
- b) stability of income,
- c) public opinion,
- d) all of these.

Ans : d

29. Current assets less current liabilities is equal to –

- a) working capital,
- b) reserve,
- c) goodwill,
- d) all of these.

Ans : a

30. Capital budgeting is related to –

- a) long-term planning,
- b) short-term funding,
- c) profit making,
- d) dividend policy.

Ans : a

31. Dividends are the of a company distributed amongst members in proportion to their shares.

- a) assets with cash and bank,
- b) reserve,
- c) divisible profits,
- d) indivisible profits.

Ans : c

32. Capital budgeting process involves -

- a) evaluation of various proposals,
- b) screening the proposals,
- c) identification of investment proposals,
- d) all of the above.

Ans : d

33. The payment of dividend is not compulsory on -

- a) equity share capital and preference share capital,
- b) bonds,
- c) debentures,
- d) share capital.

Ans : d

34. Capital budgeting is also known as -

- a) cost of capital,
- b) capital expenditure,
- c) cost of sales,
- d) profit.

Ans : b

35. Which ratio explains that how much portion of earning is distributed in the form of dividend?

- a) Dividend per share ratio,
- b) Pay-out ration,
- c) Earning yield ratio,
- d) Equity capital ratio.

Ans : b

36. When did Capital Redemption Reserve Account opened?

- a) at the time of equity repayment,
- b) at the time of preference share redemption,
- c) at the time of reserve,
- d) at the time in operating a business.

Ans : b

37. Capital budgeting is also known as -

- a) planning capital expenditure,
- b) capital expenditure decisions,
- c) investment decision making,
- d) all of the above.

Ans : d

38. Which method of capital budgeting is called cash benefit ratio?

- a) pay-back period,
- b) net present value,
- c) pay-out period,
- d) profitability index number.

Ans : d

39. Which one is the method of capital budgeting?

- a) NPV method,
- b) ROR method,
- c) Pay-back period,
- d) all of these.

Ans : d

40. Preference shares are -

- a) less risky,
- b) more flexible and more risky,
- c) costly,
- d) non-redeemable.

Ans : a

41. Cost of capital is helpful in corporative analysis of various -

- a) source of finance,
- b) source of services,
- c) source of material,
- d) source of man-power.

Ans : a

42. The cost of debt capital is calculated on the basis of -

- a) net proceeds,
- b) annual interest,
- c) capital,
- d) annual depreciation.

Ans : a

43. Reserve is a / an –

- a) additional part of profit,
- b) additional loss,
- c) liability,
- d) cost.

Ans : a

44. Cost of depreciation fund is computed as –

- a) long term loan capital,
- b) dividend,
- c) short-term loan capital ,
- d) profit.

Ans : a

45. After declaration dividends are paid to the shareholders as per the provision of –

- a) Indian Companies Act,
- b) RBI Act,
- c) SEBI Act,
- d) Indian Contract Act.

Ans : c

46. Which one is the determinant of dividend policy?

- a) working capital management,
- b) liquidity position,
- c) legal requirement,
- d) all of the above.

Ans : d

47. Which one is the form of dividend?

- a) cash dividend,
- b) bond dividend,
- c) stock dividend,
- d) all of these.

Ans : d

48. Dividend is the portion of –

- a) current assets,
- b) debt,
- c) net worth of the company,
- d) profit of the company.

Ans : d

49. The Gordon's model of dividend policy is based on the fact that –

- a) the firm has perpetual life,
- b) r and K of the firm remain unchanged,
- c) the firm only uses retained earnings for financing its investment of dividend,
- d) all of the above.

Ans : d

50. Factoring is a –

- a) financial planning,
- b) production planning,
- c) costing,
- d) new financial service.

Ans : d

TEST PAPER

1. Market values are often used in computing the weighted average cost of capital because

- a) this is the simplest way to do the calculation.
- b) this is consistent with the goal of maximizing shareholder value.
- c) this is required in the U.S. by the Securities and Exchange Commission.
- d) this is a very common mistake.

2. Rank in ascending order (i.e., 1 = lowest, while 3 = highest) the likely after-tax component costs of a Company's long-term financing.

- a) 1 = bonds; 2 = common stock; 3 = preferred stock.
- b) 1 = bonds; 2 = preferred stock; 3 = common stock.

- c) 1 = common stock; 2 = preferred stock; 3 = bonds.
 d) 1 = preferred stock; 2 = common stock; 3 = bonds.
3. The term "capital structure" refers to:
 a) long-term debt, preferred stock, and common stock equity.
 b) current assets and current liabilities.
 c) total assets minus liabilities.
 d) shareholders' equity.
4. A critical assumption of the net operating income (NOI) approach to valuation is:
 a) that debt and equity levels remain unchanged.
 b) that dividends increase at a constant rate.
 c) that k_o remains constant regardless of changes in leverage.
 d) that interest expense and taxes are included in the calculation
5. The traditional approach towards the valuation of a company assumes:
 a) that the overall capitalization rate holds constant with changes in financial leverage.
 b) that there is an optimum capital structure.
 c) that total risk is not altered by changes in the capital structure.
 d) that markets are perfect.
6. Two firms that are virtually identical except for their capital structure are selling in the market at different values. According to M&M
 a) one will be at greater risk of bankruptcy.
 b) the firm with greater financial leverage will have the higher value.
 c) this proves that markets cannot be efficient.
 d) this will not continue because arbitrage will eventually cause the firms to sell at the same value.
7. What is the value of the tax shield if the value of the firm is \$5 million, its value if unlevered would be \$4.78 million, and the present value of bankruptcy and agency costs is \$360,000?
 a) \$140,000 b) \$220,000 c) \$360,000 d) \$580,000
8. Reserves & Surplus are which form of financing?
 a) Security Financing b) Internal Financing
 c) Loans Financing d) International Financing
9. What are the different options other than cash used for distributing profits to shareholders?
 a) Bonus shares b) Stock split
 c) Stock purchase d) All of these
10. In Walter model formula D stands for
 a. Dividend per share b. Direct Dividend
 c. Dividend Earning d. None of these
11. In MM model MM stands for...
 a. M.Khan and Modigliani b. Miller and M.Khan
 c. Modigliani and M.Khan d. Miller and Modigliani
12. The addition of all current assets investment is known as...
 a. Net Working Capital b. Gross Working capital
 c. Temporary Working Capital d. All of these
13. When total current assets exceeds total current liabilities it refers to.
 a. Gross Working Capital b. Temporary Working Capital
 c. Both a and b d. Net Working Capital
14. Which of the following would not be financed from working capital?
 a) Cash float. b) Accounts receivable.
 c) Credit sales. d) A new personal computer for the office.
15. What is the difference between the current ratio and the quick ratio?
 a) The current ratio includes inventories and the quick ratio does not.
 b) The current ratio does not include inventories and the quick ratio does.
 c) The current ratio includes physical capital and the quick ratio does not.

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- d) The current ratio does not include physical capital and the quick ratio does.
16. Which of the following working capital strategies is the most aggressive?
- a) Making greater use of short term finance and maximizing net short term asset.
b) Making greater use of long term finance and minimizing net short term asset.
c) Making greater use of short term finance and minimizing net short term asset.
d) Making greater use of long term finance and maximizing net short term asset.
17. Which of the following is not a metric to use for measuring the length of the cash cycle?
- a) Acid test days. b) Accounts receivable days.
c) Accounts payable days. d) Inventory days.
18. Which of the following is not the responsibility of financial management?
- a) allocation of funds to current and capital assets
b) obtaining the best mix of financing alternatives
c) preparation of the firm's accounting statements
d) development of an appropriate dividend policy
19. Which of the following are not among the daily activities of financial management?
- a) sale of shares and bonds b) credit management
c) inventory control d) the receipt and disbursement of funds
20. Debt Equity Ratio is 3:1, the amount of total assets Rs.20 lac, current ratio is 1.5:1 and owned funds Rs.3 lac. What is the amount of current asset?
- a. Rs.5 lac b. Rs.3 lac
c. Rs.12 lac d. none of the above.
21. Banks generally prefer Debt Equity Ratio at :
- a) 1:1 b) 1:3 c) 2:1 d) 3:1
22. An asset is a-
- a. Source of fund b. Use of fund
c. Inflow of funds d. none of the above.
23. If a company issues bonus shares the debt equity ratio will
- a. Remain unaffected b. Will be affected
c. Will improve d. none of the above.
24. In the balance sheet amount of total assets is Rs.10 lac, current liabilities Rs.5 lac & capital & reserves are Rs.2 lac. What is the debt equity ratio?
- a) a)1:1 b) 1.5:1 c) c)2:1 d) none of the above.
25. In last year the current ratio was 3:1 and quick ratio was 2:1. Presently current ratio is 3:1 but quick ratio is 1:1. This indicates comparably
- a. high liquidity b. higher stock
c. lower stock d. low liquidity
26. Current ratio of a concern is 1, its net working capital will be
- a) Positive b) Negative c) Nil d) None of the above
27. Current ratio is 4:1. Net Working Capital is Rs.30,000. Find the amount of current Assets.
- a) Rs.10,000 b) Rs.40,000 c) Rs.24,000 d) Rs.6,000
28. Current ratio is 2:5. Current liability is Rs.30000. The Net working capital is
- a) Rs.18,000 b) Rs.45,000 c) Rs.(-) 45,000 d) Rs.(-)18000
29. Quick assets do not include
- a. Govt. bond b. Book debts
c. Advance for supply of raw materials d. Inventories.
30. The ideal quick ratio is
- a) 2:1 b) 1:1 c) 5:1 d) 4:2

1. A single, overall cost of capital is often used to evaluate projects because:
 - a. It avoids the problem of computing the required rate of return for each investment proposal.
 - b. It is the only way to measure a firm's required return.
 - c. It acknowledges that most new investment projects have about the same degree of risk.
 - d. It acknowledges that most new investment projects offer about the same expected return.

2. The weighted average cost of capital for a firm is the:
 - a. Discount rate which the firm should apply to all of the projects it undertakes.
 - b. Rate of return a firm must earn on its existing assets to maintain the current value of its stock.
 - c. Coupon rate the firm should expect to pay on its next bond issue.
 - d. Maximum rate which the firm should require on any projects it undertakes.
 - e. Required rate which every project's internal rate of return must exceed.

3. If the CAPM is used to estimate the cost of equity capital, the expected excess market return is equal to the:
 - a. Return on the stock minus the risk-free rate.
 - b. Difference between the return on the market and the risk-free rate.
 - c. Beta times the market risk premium.
 - d. Beta times the risk-free rate.
 - e. Market rate of return

4. The best fit line of a pair wise plot of the returns of the security against the market index returns is called the:
 - a. Security Market Line.
 - b. Capital Market Line.
 - c. Characteristic line.
 - d. Risk line.
 - e. None of the above

5. The weighted average cost of capital for a firm is the:
 - a. Discount rate which the firm should apply to all of the projects it undertakes.
 - b. Overall rate which the firm must earn on its existing assets to maintain the value of its stock.
 - c. Rate the firm should expect to pay on its next bond issue.
 - d. Maximum rate which the firm should require on any projects it undertakes.
 - e. Rate of return that the firm's preferred stockholders should expect to earn over the long term.

6. Using the CAPM to calculate the cost of capital for a risky project assumes that:
 - a. using the firm's beta is the same measure of risk as the project.
 - b. the firm is all-equity financed.
 - c. the financial risk is equal to business risk.
 - d. Both A and B.
 - e. Both A and C.

7. If the project beta and IRR coordinates plot above the SML the project should be:
 - a. accepted.
 - b. rejected.
 - c. It is impossible to tell.
 - d. It will depend on the NPV.
 - e. None of the above.

8. Beta measures depend highly on the:
 - a. direction of the market variance.
 - b. overall cycle of the market.
 - c. variance of the market and asset, but not their co-movement.

d. covariance of the security with the market and how they are correlated.

e. All of the above.

9. The formula for calculating beta is given by the dividing the _____ of the stock with the market portfolio by the _____ of the market portfolio.

a. variance; covariance

b. covariance; variance

c. standard deviation; variance

d. expected return; variance

e. expected return; covariance

10. The slope of the characteristic line is the estimated:

a. intercept.

b. beta.

c. unsystematic risk.

d. market variance.

e. market risk premium

11. Betas may vary substantially across an industry. The decision to use the industry or firm beta: to estimate the cost of capital depends on

a. how small the estimation errors are of all betas across industries.

b. how similar the firm's operations are to the operations of all other firms in the industry.

c. whether the company is a leader or follower.

d. the size of the company's public float.

e. None of the above

12. A firm with high operating leverage has:

a. low fixed costs in its production process. b. high variable costs in its production process.

c. high fixed costs in its production process. d. high price per unit.

e. low price per unit.

13. If a firm has low fixed costs relative to all other firms in the same industry, a large change in sales volume (either up or down) would have:

a. a smaller change in EBIT for the firm versus the other firms.

b. no effect in any way on the firms as volume does not effect fixed costs.

c. a decreasing effect on the cyclical nature of the business.

d. a larger change in EBIT for the firm versus the other firms.

e. None of the above

14. A firm with high operating leverage is characterized by _____ while one with high financial leverage is characterized by _____.

a. low fixed cost of production; low fixed financial costs

b. high variable cost of production; high variable financial costs

c. high fixed costs of production; high fixed financial costs

d. low costs of production; high fixed financial costs

e. high fixed costs of production; low variable financial costs

15. Which one of the following statements is correct concerning the weighted average cost of capital (WACC)?

a. The WACC may decrease as a firm's debt-equity ratio increases.

b. When computing the WACC, the weight assigned to the preferred stock is based on the coupon rate multiplied by the par value of the stock.

c. A firm's WACC will decrease as the corporate tax rate decreases.

d. The weight of the common stock used in the computation of the WACC is based on the number of shares outstanding multiplied by the book value per share.

e. The WACC will remain constant unless a firm retires some of its debt.

16. Flotation costs should:

- a) Be ignored when analyzing a project because flotation costs are not an actual cost of the project.
- b) Be averaged over the life of the project thereby reducing the cash flows for each year of the project.
- c) Only be considered when two projects have the same net present value.
- d) Be included in the initial cost of a project before the net present value of the project is computed.**
- e) Be ignored totally when internal equity funding is utilized.

17. The cost of equity capital is all of the following EXCEPT:

- a. The minimum rate that a firm should earn on the equity-financed part of an investment.
- b. A return on the equity-financed portion of an investment that, at worst, leaves the market price of the stock unchanged.
- c. By far the most difficult component cost to estimate.
- d. Generally lower than the before-tax cost of debt**

18. In calculating the proportional amount of equity financing employed by a firm, we should Use:

- a. The common stock equity account on the firm's balance sheet.
- b. The sum of common stock and preferred stock on the balance sheet.
- c. The book value of the firm.
- d. The current market price per share of common stock times the number of shares outstanding.**

19. To compute the required rate of return for equity in a company using the CAPM, it is necessary to know all of the following EXCEPT:

- a. The risk-free rate.
- b. The beta for the firm.
- c. The earnings for the next time period.**
- d. The market return expected for the time period

20. In calculating the costs of the individual components of a firm's financing, the corporate tax rate is important to which of the following component cost formulas?

- a. Common stock.
- b. Debt.**
- c. Preferred stock.
- d. None of the above.

21. The common stock of a company must provide a higher expected return than the debt of the same company because

- a. There is less demand for stock than for bonds.
- b. There is greater demand for stock than for bonds.
- c. There is more systematic risk involved for the common stock.**
- d. There is a market premium required for bonds.

22. For an all-equity financed firm, a project whose expected rate of return plots should be rejected.

- a. Above the characteristic line
- b. Above the security market line
- c. Below the security market lined.**
- d. Below the characteristic line

23. The term "capital structure" refers to:

- a. Long-term debt, preferred stock, and common stock equity.**
- b. Current assets and current liabilities.
- c. Total assets minus liabilities.
- d. Shareholders' equity.

24. A critical assumption of the net operating income (NOI) approach to valuation is:

- a. That debt and equity levels remain unchanged.

- b) The same as cash in the bank.
 c) Not important when determining dividends.
d) The cumulative earnings of the company after dividends.
34. Which of the following is an argument for the relevance of dividends?
 a) Informational content. b) Reduction of uncertainty.
 c) Some investors' preference for current income. **d) All of the above.**
35. The dividend-payout ratio is equal to
 a) The dividend yield plus the capital gains yield.
b) Dividends per share divided by earnings per share.
 c) Dividends per share divided by par value per share.
 d) Dividends per share divided by current price per share.
36. This type of risk is avoidable through proper diversification.
 a) Portfolio risk b) Systematic risk
c) Unsystematic risk d) Total risk
37. A statistical measure of the degree to which two variables (e.g., securities' returns) move together.
 a) Coefficient of variation b) Variance
c) Covariance d) Certainty equivalent
38. A line that describes the relationship between an individual security's returns and returns on the market portfolio.
a) Characteristic line b) Security market line
 c) Capital market line d) Beta
39. According to the capital-asset pricing model (CAPM), a security's expected (required) return is equal to the risk-free rate plus a premium
a) Equal to the security's beta.
 b) Based on the unsystematic risk of the security.
 c) Based on the total risk of the security.
 d) Based on the systematic risk of the security.
40. Beta is the slope of
 a) The security market line. b) The capital market line.
c) A characteristic line. d) The CAPM
41. A measure of "risk per unit of expected return."
 a) Standard deviation **b) Coefficient of variation**
 c) Correlation coefficient d) Beta
42. The greater the beta, the.....of the security involved.
a) Greater the unavoidable risk b) Greater the avoidable risk
 c) Less the unavoidable risk d) Less the avoidable risk
43. Which of the following factors is most likely to explain why a company decides to increase its annual dividend?
 a) A firm belief by management that dividends represent a residual payment
 b) A large number of desirable projects.
c) A large proportion of its shares are owned by institutional investors
 d) Pecking order theory
 e) Poor cash flows

44. Which of the following statements is consistent with dividend irrelevance theory?

- a) **Investment decisions are the sole determinant of shareholder wealth**
- b) Making homemade dividends causes investors to incur transaction costs
- c) Companies with stable dividend policies build up shareholder clienteles
- d) Investors like to maintain the real value of their dividend payments.
- e) Institutional investors like to match regular payments with regular income

45. Which of the following techniques does not reward shareholders for investing in a company?

- a) Repurchasing company shares.
- b) Offering non-pecuniary benefits.
- c) **Making a rights issue.**
- d) Offering a scrip dividend.
- e) Paying a final dividend

46. Which of the following examples best represents a passive dividend policy?

- a. The firm sets a policy such that the proportion of dividends paid from net income remains constant.
- b. **The firm pays dividends with what remains of net income after taking acceptable investment projects**
- c. The firm sets a policy such that the quantity (dollar amount per share) of dividends paid from net income remains constant.
- d. All of the above are examples of various types of passive dividend policies

47. Modigliani and Miller argue that the dividend decision _____.

- a. is irrelevant as the value of the firm is based on the earning power of its assets
- b. is relevant as the value of the firm is not based just on the earning power of its assets
- c. is irrelevant as dividends represent cash leaving the firm to shareholders, who own the firm anyway
- d. is relevant as cash outflow always influences other firm decisions

48. A (n) _____ is a payment of additional shares to shareholders in lieu of cash.

- a. stock split
- b. **stock dividend**
- c. extra dividend
- d. regular dividend

49. A (n) _____ occurs when there is an increase in the number of shares outstanding by reducing the par value of stock.

- a. **stock split**
- b. stock dividend
- c. extra dividend
- d. regular dividend

50. A (n) _____ is the expected cash dividend that is normally paid to shareholders.

- a. stock split
- b. stock dividend
- c. extra dividend
- d. **regular dividend**

51. _____ is a nonrecurring dividend paid to shareholders in addition to the regular dividend.

- a. A stock split
- b. A stock dividend
- c. **An extra dividend**
- d. A regular dividend

52. What method of stock repurchase occurs when the buyer seeks bids within a specified price range and accepts the lowest price that will allow it to acquire the entire block of securities desired?

- a. **Dutch-auction**
- b. Fixed-price
- c. Open-market
- d. Fair-warning

53. What method of stock repurchase occurs when the buyer purchases securities through a brokerage house?

- a. Dutch-auction
- b. Fixed-price
- c. Open-market
- d. Fair-warning

54. A dividend reinvestment plan (DRIP) is _____.

- a. an optional plan, provided by brokerage firms, allowing shareholders to automatically reinvest dividend payments in additional shares of the firm's stock.
- b. an optional plan, provided by large corporate firms, allowing shareholders to automatically reinvest dividend payments in additional shares of the firm's stock.
- c. a mandatory plan, provided by brokerage firms, where shareholders are automatically reinvesting dividend payments in additional shares of the firm's stock at a reduced price.
- d. a mandatory plan, provided by large corporate firms, where shareholders are automatically reinvesting dividend payments in additional shares of the firm's stock at a reduced price.

55. Which of the following is not a reason that a firm would prefer to pay a stock dividend rather than a regular cash dividend?

- a. It decreases the supply of shares and enhances shareholder wealth.
- b. It may conserve cash for other firm needs.
- c. It will reduce the stock price into what management perceives as a more beneficial trading range.
- d. It may convey information about the firm to investors that it cannot convey credibly otherwise

56. According to the authors of your text, the repurchase of stock is considered _____ decision rather than _____ decision.

- a. an investment; a financing
- b. a financing; an investment
- c. an investment; a dividend
- d. a dividend; a financing

57. The portfolio performance evaluation measure, known as M-squared, uses ____ as the relevant measure of risk and is based on the ex-post capital market line.

- a) standard deviation
- b) arithmetic mean
- c) variation
- d) beta

58. If markets are in equilibrium, which of the following will occur:

- a. Each investment's expected return should equal its realized return.
- b. Each investment's expected return should equal its required return.
- c. Each investment should have the same expected return.
- d. Each investment should have the same realized return.
- e. All of the statements above are correct.

59. Which of the following statements best describes the optimal capital structure?

- a. The optimal capital structure is the mix of debt, equity, and preferred stock that maximizes the company's earnings per share (EPS).
- b. The optimal capital structure is the mix of debt, equity, and preferred stock that maximizes the company's stock price.
- c. The optimal capital structure is the mix of debt, equity, and preferred stock that minimizes the company's weighted average cost of capital (WACC).
- d. Statements a and b are correct.
- e. Statements b and c are correct.

60. Which of the following factors is likely to encourage a corporation to increase the proportion of debt in its capital structure?

- a. An increase in the corporate tax rate.
- b. An increase in the personal tax rate.
- c. An increase in the company's degree of operating leverage.
- d. The company's assets become less liquid.

61. Myron Gordon and John Lintner believe that the required return on equity increases as the dividend payout ratio is decreased. Their argument is based on the assumption that

- a. Investors are indifferent between dividends and capital gains.
- b. Investors require that the dividend yield and capital gains yield equal a constant.
- c. Capital gains are taxed at a higher rate than dividends.
- d. Investors view dividends as being less risky than potential future capital gains.
- e. Investors value a dollar of expected capital gains more highly than a dollar of expected dividends because of the lower tax rate on capital gains.

62. Which of the following statements is most correct?

- a. In general, stock repurchases are taxed the same way as dividends.
- b. One nice feature of dividend reinvestment plans is that they enable investors to reduce the taxes paid on their dividends.
- c. On average, companies send a negative signal to the marketplace when they announce an increase in their dividend.
- d. If a company is interested in issuing new equity capital, a new stock dividend reinvestment plan probably makes more sense than an open market dividend reinvestment plan.
- e. Statements b and d are correct.

63. In the real world, we find that dividends

- a. Usually exhibit greater stability than earnings.
- b. Fluctuate more widely than earnings.
- c. Tend to be a lower percentage of earnings for mature firms.
- d. Are usually changed every year to reflect earnings changes.
- e. Are usually set as a fixed percentage of earnings.

64. A decrease in a firm's willingness to pay dividends is likely to result from an increase in its

- a. Earnings stability.
- b. Access to capital markets.
- c. Profitable investment opportunities.
- d. Collection of accounts receivable.
- e. Stock price

65. Which of the following statements best describes the theories of investors' preferences for dividends?

- a. Modigliani and Miller argue that investors prefer dividends to capital gains.
- b. The bird-in-hand theory suggests that a company can reduce its cost of equity capital by reducing its dividend payout ratio.
- c. The tax preference theory suggests that a company can increase its stock price by increasing its dividend payout ratio.
- d. One key advantage of a residual dividend policy is that it enables a company to follow a stable dividend policy.
- e. The clientele effect suggests that companies should follow a stable dividend policy.

66. Which of the following would not have an influence on the optimal dividend policy?

- a. The possibility of accelerating or delaying investment projects.
- b. A strong shareholders' preference for current income versus capital gains.
- c. Bond indenture constraints.
- d. The costs associated with selling new common stock.

e. All of the statements above can have an effect on dividend policy

EXPECTED MCQs

1. "Shareholder wealth" in a firm is represented by:

- a) the number of people employed in the firm.
- b) the book value of the firm's assets less the book value of its liabilities
- c) the amount of salary paid to its employees.
- d) the market price per share of the firm's common stock.

2. The long-run objective of financial management is to:

- a) maximize earnings per share.
- b) maximize the value of the firm's common stock.
- c) maximize return on investment.
- d) maximize market share.

3. What are the earnings per share (EPS) for a company that earned Rs. 100,000 last year in after-tax profits, has 200,000 common shares outstanding and Rs. 1.2 million in retained earnings at the year end?

- a) Rs. 100,000
- b) Rs. 6.00
- c) Rs. 0.50
- d) Rs. 6.50

4. A(n) _____ would be an example of a principal, while a(n) _____ would be an example of an agent.

- a) shareholder; manager
- b) manager; owner
- c) accountant; bondholder
- d) shareholder; bondholder

5. The market price of a share of common stock is determined by:

- a) the board of directors of the firm.
- b) the stock exchange on which the stock is listed.
- c) the president of the company.
- d) individuals buying and selling the stock.

6. The focal point of financial management in a firm is:

- a) the number and types of products or services provided by the firm.
- b) the minimization of the amount of taxes paid by the firm.
- c) the creation of value for shareholders.
- d) the dollars profits earned by the firm.

7. _____ of a firm refers to the composition of its long-term funds and its capital structure.

- a) Capitalization
- b) Over-capitalization
- c) Under-capitalization
- d) Market capitalization

8. In the _____, the future value of all cash inflow at the end of time horizon at a particular rate of interest is calculated.

- a) Risk-free rate
- b) Compounding technique
- c) Discounting technique
- d) Risk Premium

9. _____ is the price at which the bond is traded in the stock exchange.

- a) Redemption value
- b) Face value
- c) Market value
- d) Maturity value

10. _____ enhance the market value of shares and therefore equity capital is not free of cost.

- a) Face value
c) Redemption value
- b) Dividends
d) Book value
11. In _____ approach, the capital structure decision is relevant to the valuation of the firm.
a) Net income
c) Traditional
- b) Net operating income
d) Miller and Modigliani
12. When _____ is greater than zero the project should be accepted.
a) Internal rate of return
c) Net present value
- b) Profitability index
d) Modified internal rate of return
13. _____ is defined as the length of time required to recover the initial cash out-lay.
a) Payback-period
c) Discounted payback-period
- b) Inventory conversion period
d) Budget period
14. _____ refers to the amount invested in various components of current assets.
a) Temporary working capital
c) Gross working capital
- b) Net working capital
d) Permanent working capital
15. _____ is the length of time between the firm's actual cash expenditure and its own cash receipt.
a) Net operating cycle
c) Working capital cycle
- b) Cash conversion cycle
d) Gross operating cycle
16. _____ refers to a firm holding some cash to meet its routine expenses that are incurred in the ordinary course of business.
a) Speculative motive
c) Precautionary motive
- b) Transaction motive
d) Compensating motive
17. _____ refers to the length of time allowed by a firm for its customers to make payment for their purchases.
a) Holding period
c) Average collection period
- b) Pay-back period
d) Credit period
18. Amounts due from customers when goods are sold on credit are called _____.
a) Trade balance
c) Trade discount
- b) Trade debits
d) Trade off
19. _____ and _____ are the two versions of goals of the financial management of the firm.
a) Profit maximisation, Wealth maximization
b) Production maximisation, Sales maximisation
c) Sales maximisation, Profit maximization
d) Value maximisation, Wealth maximisation
20. Consider the below mentioned statements:
1. A company is considered to be overcapitalized when its actual capitalisation is lower than the proper capitalisation as warranted by the earning capacity
2. Both over-capitalisation and under-capitalisation are detrimental to the interests of the society.
State True or False:
a) 1-True, 2-True
c) 1-False, 2-False
- b) 1-False, 2-True
d) 1-True, 2-False

21. Consider the below mentioned statements:

1. The dividends are not cumulative for equity shareholders, that is, they cannot be accumulated and distributed in the later years.
2. Dividends are taxable.

State True or False:

- | | |
|---------------------|---------------------------|
| a) 1-True, 2-True | b) 1-False, 2-True |
| c) 1-False, 2-False | d) 1-True, 2-False |

22. _____ and _____ carry a fixed rate of interest and are to be paid off irrespective of the firm's revenues.

- | | |
|--------------------------|------------------------------|
| a) Debentures, Dividends | b) Debentures, Bonds |
| c) Dividends, Bonds | d) Dividends, Treasury notes |

23. Consider the below mentioned statements:

1. A debt-equity ratio of 2:1 indicates that for every 1 unit of equity, the company can raise 2 units of debt.
2. The cost of floating a debt is greater than the cost of floating an equity issue.

State True or False:

- | | |
|---------------------|---------------------------|
| a) 1-True, 2-True | b) 1-False, 2-True |
| c) 1-False, 2-False | d) 1-True, 2-False |

24. Credit policy of every company is largely influenced by _____ and _____.

- | | |
|------------------------------|------------------------------------|
| a) Liquidity, accountability | b) Liquidity, profitability |
| c) Liability, profitability | d) Liability, liquidity |

25. XYZ is an oil based business company, which does not have adequate working capital. It fails to meet its current obligation, which leads to bankruptcy. Identify the type of decision involved to prevent risk of bankruptcy.

- | | |
|------------------------------|----------------------|
| a) Investment decision | b) Dividend decision |
| c) Liquidity decision | d) Finance decision |

26. The rate of interest offered by the fixed deposit scheme of a bank for 365 days and above is 12%. What will be the status of Rs. 20000, after two years if it is invested at this point of time?

- | | |
|--------------|---------------------|
| a) Rs. 28032 | b) Rs. 24048 |
| c) Rs. 22056 | d) Rs. 25088 |

27. How are earnings per share calculated?

- | |
|--|
| a) Use the income statement to determine earnings after taxes (net income) and divide by the previous period's earnings after taxes. Then subtract 1 from the previously calculated value. |
|--|

b) Use the income statement to determine earnings after taxes (net income) and divide by the number of common shares outstanding.

- | |
|---|
| c) Use the income statement to determine earnings after taxes (net income) and divide by the number of common and preferred shares outstanding. |
|---|

d) Use the income statement to determine earnings after taxes (net income) and divide by the forecasted period's earnings after taxes. Then subtract 1 from the previously calculated value

28. Which of the following would NOT improve the current ratio?

- | |
|---|
| a) Borrow short term to finance additional fixed assets. |
| b) Issue long-term debt to buy inventory. |
| c) Sell common stock to reduce current |

29. The gross profit margin is unchanged, but the net profit margin declined over the same period. This could have happened if

- a) cost of goods sold increased relative to sales. b) sales increased relative to expenses.
c) Govt. increased the tax rate. d) dividends were decreased.

30. Palo Alto Industries has a debt-to-equity ratio of 1.6 compared with the industry average of 1.4. This means that the company

- a) will not experience any difficulty with its creditors.
 b) has less liquidity than other firms in the industry.
 c) will be viewed as having high creditworthiness.
d) has greater than average financial risk when compared to other firms in its industry.

31. Kanji Company had sales last year of Rs. 265 million, including cash sales of Rs. 25 million. If its average collection period was 36 days, its ending accounts receivable balance is closest to . (Assume a 365-day year.)

- a) Rs. 26.1 million **b) Rs. 23.7 million**
 c) Rs. 7.4 million d) Rs. 18.7 million

32. A company can improve (lower) its debt-to-total assets ratio by doing which of the following?

- a) Borrow more. b) Shift short-term to long-term debt.
 c) Shift long-term to short-term debt. **d) Sell common stock.**

33. Which of the following statements (in general) is correct?

- a) A low receivables turnover is desirable.
b) The lower the total debt-to-equity ratio, the lower the financial risk for a firm.
 c) An increase in net profit margin with no change in sales or assets means a poor ROI.
 d) The higher the tax rate for a firm, the lower the interest coverage ratio.

34. Debt-to-total assets (D/TA) ratio is .4. What is its debt-to-equity (D/E) ratio?

- a) .2 b) .6 **c) .667** d) .333

35. A firm's operating cycle is equal to its inventory turnover in days (ITD)

- a) plus its receivable turnover in days (RTD).** b) minus its RTD.
 c) plus its RTD minus its payable turnover in days (PTD). d) minus its RTD minus its PTD.

36. If the following are balance sheet changes:

Rs. 5,005 decrease in accounts receivable
 Rs. 7,000 decrease in cash
 Rs. 12,012 decrease in notes payable
 Rs. 10,001 increase in accounts payable

a "use" of funds would be the:

- a) Rs. 7,000 decrease in cash. b) Rs. 5,005 decrease in accounts receivable.
 c) Rs. 10,001 increase in accounts payable. **d) Rs. 12,012 decrease in notes payable.**

37. Uses of funds include a (an):

- a) decrease in cash. b) increase in any liability.
c) increase in fixed assets. d) tax refund.

38. Which of the following would be included in a cash estimation/ budget?

- a) depreciation charges. **b) dividends.**
 c) goodwill. d) patent amortization.

39. Which of the following is NOT a cash outflow for the firm?

- a) **depreciation.**
- b) dividends.
- c) interest payments.
- d) taxes.

40. Which of the following would be considered a application of funds?

- a) a decrease in accounts receivable.
- b) a decrease in cash.
- c) an increase in account payable.
- d) **an increase in cash.**

41. All of the following influence capital budgeting cash flows EXCEPT:

- a) accelerated depreciation.
- b) salvage value.
- c) tax rate changes.
- d) **method of project financing used.**

42. The estimated benefits from a project are expressed as cash flows instead of income flows because:

- a) it is simpler to calculate cash flows than income flows.
- b) **it is cash, not accounting income, that is central to the firm's capital budgeting decision.**
- c) this is required by the Internal Revenue Service.
- d) this is required by the Securities and Exchange Commission.

43. A capital investment is one that

- a) **has the prospect of long-term benefits.**
- b) has the prospect of short-term benefits.
- c) is only undertaken by large corporations.
- d) applies only to investment in fixed assets.

44. A profitability index of .85 for a project means that:

- a) the present value of benefits is 85% greater than the project's costs.
- b) the project's NPV is greater than zero.
- c) **the project returns 85 cents in present value for each current dollar invested.**
- d) the payback period is less than one year.

45. Which of the following statements is correct?

- a) If the NPV of a project is greater than 0, its PI will equal 0.
- b) If the IRR of a project is 0%, its NPV, using a discount rate, k, greater than 0, will be 0.
- c) **If the PI of a project is less than 1, its NPV should be less than 0.**
- d) If the IRR of a project is greater than the discount rate, k, its PI will be less than 1 and its NPV will be greater than 0.

46. A project's profitability index is equal to the ratio of the of a project's future cash flows to the project's .

- a) **present value; initial cash outlay**
- b) net present value; initial cash outlay
- c) present value; depreciable basis
- d) net present value; depreciable basis

47. The discount rate at which two projects have identical is referred to as Fisher's rate of intersection.

- a) present values
- b) **net present values**
- c) IRRs
- d) profitability indexes

48. Two mutually exclusive investment proposals have "scale differences" (i.e., the cost of the projects differ). Ranking these projects on the basis of IRR, NPV, and PI methods give contradictory results.

- a) will never
- b) will always
- c) **may**
- d) will generally

49. Preferred shareholders' claims on assets and income of a firm come those of creditors those of common shareholders.

- a) before; and also before
- b) **after; but before**

- c) after; and also after d) equal to; and equal to

50. You are considering two mutually exclusive investment proposals, project A and project B. B's expected value of net present value is \$1,000 less than that for A and A has less dispersion. On the basis of risk and return, you would say that

- a) Project A dominates project B.
b) Project B dominates project A.
c) Project A is more risky and should offer greater expected value.
d) Each project is high on one variable, so the two are basically equal.

51. To increase a given present value, the discount rate should be adjusted

- a) upward.
c) No change.
- b) downward.
d) constant

52. In finance, "working capital" means the same thing as

- a) total assets.
c) **current assets.**
- b) fixed assets.
d) current assets minus current liabilities.

53. Which of the following would be consistent with a more aggressive approach to financing working capital?

- a) Financing short-term needs with short-term funds.
- b) Financing permanent inventory buildup with long-term debt.
- c) Financing seasonal needs with short-term funds.
- d) Financing some long-term needs with short-term funds.**

54. Which asset-liability combination would most likely result in the firm's having the greatest risk of technical insolvency?

- a) Increasing current assets while lowering current liabilities.
- b) Increasing current assets while incurring more current liabilities.
- c) Reducing current assets, increasing current liabilities, and reducing long-term debt.
- d) Replacing short-term debt with equity.

55. Which of the following illustrates the use of a hedging (or matching) approach to financing?

- a) Short-term assets financed with long-term liabilities.
b) Permanent working capital financed with long-term liabilities.
c) Short-term assets financed with equity.
d) All assets financed with 50 percent equity, 50 percent long-term debt mixture.

56. In deciding the appropriate level of current assets for the firm, management is confronted with

- a) a trade-off between profitability and risk.
- b) a trade-off between liquidity and marketability.
- c) a trade-off between equity and debt.
- d) a trade-off between short-term versus long-term borrowing.

57. varies inversely with profitability.

- a) Liquidity.
- b) Risk.
- c) Financing.
- d) Liabilities.

58. Spontaneous financing includes

- a) accounts receivable. b) accounts payable.
c) short-term loans. d) a line of credit.

59. Permanent working capital

- a) varies with seasonal needs.
- b) includes fixed assets.
- c) is the amount of current assets required to meet a firm's long-term minimum needs.**
- d) includes accounts payable

60. Financing a long-lived asset with short-term financing would be

- a) an example of "moderate risk -- moderate (potential) profitability" asset financing.
- b) an example of "low risk -- low (potential) profitability" asset financing.
- c) an example of "high risk -- high (potential) profitability" asset financing.**
- d) an example of the "hedging approach" to financing.

61. Net working capital refers to

- a) total assets minus fixed assets.
- b) current assets minus current liabilities.**
- c) current assets minus inventories.
- d) current assets.

62. Marketable securities are primarily

- a) short-term debt instruments.**
- b) short-term equity securities.
- c) long-term debt instruments.
- d) long-term equity securities.

63. Which would be an appropriate investment for temporarily idle corporate cash that will be used to pay quarterly dividends three months from now?

- a) A long-term AAA-rated corporate bond with a current annual yield of 9.4 percent.
- b) A 30-year Treasury bond with a current annual yield of 8.7 percent.
- c) Ninety-day commercial paper with a current annual yield of 6.2 percent.**
- d) Common stock that has been appreciating in price 8 percent annually, on average, and paying a quarterly dividend that is the equivalent of a 5 percent annual yield.

64. Which of the following marketable securities is the obligation of a commercial bank?

- a) Commercial paper
- b) Negotiable certificate of deposit**
- c) Repurchase agreement
- d) T-bills

65. The basic requirement for a firm's marketable securities.

- a) Safety
- b) Yield
- c) Marketability
- d) All of the above.**

66. A firm's inventory turnover (IT) is 5 times on a cost of goods sold (COGS) of \$800,000. If the IT is improved to 8 times while the COGS remains the same, a substantial amount of funds is released from or additionally invested in inventory. In fact,

- a) \$160,000 is released.
- b) \$100,000 is additionally invested.
- c) \$60,000 is additionally invested.
- d) \$60,000 is released.**

67. Ninety-percent of X company's total sales of \$600,000 is on credit. If its year-end receivables turnover is 5, the average collection period (based on a 365-day year) and the year-end receivables are, respectively:

- a) 365 days and \$108,000.
- b) 73 days and \$120,000.
- c) 73 days and \$108,000.**
- d) 81 days and \$108,000.

68. Costs of not carrying enough inventory include:

- a) lost sales.
- b) customer disappointment.
- c) possible worker layoffs.
- d) all of these.**

69. Which of the following relationships hold true for safety stock?

- a) the greater the risk of running out of stock, the smaller the safety of stock.

- b) the larger the opportunity cost of the funds invested in inventory, the larger the safety stock.
- c) the greater the uncertainty associated with forecasted demand, the smaller the safety stock.
- d) the higher the profit margin per unit, the higher the safety stock necessary.**

70. Increasing the credit period from 30 to 60 days, in response to a similar action taken by all of our competitors, would likely result in:

- a) an increase in the average collection period.** b) a decrease in bad debt losses.
- c) an increase in sales. d) higher profits.

71. The credit policy of Sparling Products is "1.5/10, net 35." At present 30% of the customers take the discount, 62% pay within the net period, and the rest pay within 45 days of invoice. What would receivables be if all customers took the cash discount?

- a) Lower than the present level.** b) No change from the present level.
- c) Higher than the present level. d) Unable to determine without more information.

72. An increase in the firm's receivable turnover ratio means that:

- a) it is collecting credit sales more quickly than before.**
- b) cash sales have decreased.
- c) it has initiated more liberal credit terms.
- d) inventories have increased.

73. A single, overall cost of capital is often used to evaluate projects because:

- a) it avoids the problem of computing the required rate of return for each investment proposal.**
- b) it is the only way to measure a firm's required return.
- c) it acknowledges that most new investment projects have about the same degree of risk.
- d) it acknowledges that most new investment projects offer about the same expected return.

74. The cost of equity capital is all of the following EXCEPT:

- a) the minimum rate that a firm should earn on the equity-financed part of an investment.
- b) a return on the equity-financed portion of an investment that, at worst, leaves the market price of the stock unchanged.
- c) by far the most difficult component cost to estimate.
- d) generally lower than the before-tax cost of debt.**

75. In calculating the proportional amount of equity financing employed by a firm, we should use:

- a) the common stock equity account on the firm's balance sheet.
- b) the sum of common stock and preferred stock on the balance sheet.
- c) the book value of the firm.
- d) the current market price per share of common stock times the number of shares outstanding.**

76. In calculating the costs of the individual components of a firm's financing, the corporate tax rate is important to which of the following component cost formulas?

- a) common stock. **b) debt.**
- c) preferred stock. d) none of the above.

77. The common stock of a company must provide a higher expected return than the debt of the same company because

- a) there is less demand for stock than for bonds.
- b) there is greater demand for stock than for bonds.**

- c) there is more systematic risk involved for the common stock.
- d) there is a market premium required for bonds.

78. A quick approximation of the typical firm's cost of equity may be calculated by

- a) adding a 5 percent risk premium to the firm's before-tax cost of debt.
- b) adding a 5 percent risk premium to the firm's after-tax cost of debt.
- c) subtracting a 5 percent risk discount from the firm's before-tax cost of debt.
- d) subtracting a 5 percent risk discount from the firm's after-tax cost of debt.

79. Market values are often used in computing the weighted average cost of capital because

- a) this is the simplest way to do the calculation.
- b) this is consistent with the goal of maximizing shareholder value.
- c) this is required in the U.S. by the Securities and Exchange Commission.
- d) this is a very common mistake.

80. Rank in ascending order (i.e., 1 = lowest, while 3 = highest) the likely after-tax component costs of a Company's long-term financing.

- a) 1 = bonds; 2 = common stock; 3 = preferred stock.
- b) 1 = bonds; 2 = preferred stock; 3 = common stock.
- c) 1 = common stock; 2 = preferred stock; 3 = bonds.
- d) 1 = preferred stock; 2 = common stock; 3 = bonds.

81. Lei-Feng, Inc.'s \$100 par value preferred stock just paid its \$10 per share annual dividend. The preferred stock has a current market price of \$96 a share. The firm's marginal tax rate (combined federal and state) is 40 percent, and the firm plans to maintain its current capital structure relationship into the future. The component cost of preferred stock to Lei-Feng, Inc. would be closest to .

- a) 6 percent
- b) 6.25 percent
- c) 10 percent
- d) 10.4 percent

82. The term "capital structure" refers to:

- a) long-term debt, preferred stock, and common stock equity.
- b) current assets and current liabilities.
- c) total assets minus liabilities.
- d) shareholders' equity.

83. A critical assumption of the net operating income (NOI) approach to valuation is:

- a) that debt and equity levels remain unchanged.
- b) that dividends increase at a constant rate.
- c) that k_o remains constant regardless of changes in leverage.
- d) that interest expense and taxes are included in the calculation.

84. The traditional approach towards the valuation of a company assumes:

- a) that the overall capitalization rate holds constant with changes in financial leverage.
- b) that there is an optimum capital structure.
- c) that total risk is not altered by changes in the capital structure.
- d) that markets are perfect.

85. Two firms that are virtually identical except for their capital structure are selling in the market at different values. According to M&M

- a) one will be at greater risk of bankruptcy.
- b) the firm with greater financial leverage will have the higher value.
- c) this proves that markets cannot be efficient.

d) this will not continue because arbitrage will eventually cause the firms to sell at the same value.

86. What is the value of the tax shield if the value of the firm is \$5 million, its value if unlevered would be \$4.78 million, and the present value of bankruptcy and agency costs is \$360,000?

- a) \$140,000 b) \$220,000 c) \$360,000 **d) \$580,000**

87. Reserves & Surplus are which form of financing?

- a) Security Financing **b) Internal Financing**
c) Loans Financing d) International Financing

88. What are the different options other than cash used for distributing profits to shareholders?

- a) Bonus shares b) Stock split
c) Stock purchase **d) All of these**

89. In Walter model formula D stands for

- a) Dividend per share** b) Direct Dividend
c) Dividend Earning d) None of these

90. In MM model MM stands for...

- a. M.Khan and Modigliani b. Miller and M.Khan
c. Modigliani and M.Khan **d. Miller and Modigliani**

91. The addition of all current assets investment is known as...

- a. Net Working Capital **b. Gross Working capital**
c. Temporary Working Capital d. All of these

92. When total current assets exceeds total current liabilities it refers to.

- a. Gross Working Capital b. Temporary Working Capital
c. Both a and b **d. Net Working Capital**

93. If the weighting of equity in total capital is 1/3, that of debt is 2/3, the return on equity is 15% that of debt is 10% and the corporate tax rate is 32%, what is the Weighted Average Cost of Capital (WACC)?

- a) 10.533% b) 7.533%
c) 9.533% d) 11.350%

94. Which of the following would not be financed from working capital?

- a) Cash float. b) Accounts receivable.
c) Credit sales. **d) A new personal computer for the office.**

95. What is the difference between the current ratio and the quick ratio?

- a) The current ratio includes inventories and the quick ratio does not.**
b) The current ratio does not include inventories and the quick ratio does.
c) The current ratio includes physical capital and the quick ratio does not.
d) The current ratio does not include physical capital and the quick ratio does.

96. Which of the following working capital strategies is the most aggressive?

- a) Making greater use of short term finance and maximizing net short term asset.
b) Making greater use of long term finance and minimizing net short term asset.
c) Making greater use of short term finance and minimizing net short term asset.
d) Making greater use of long term finance and maximizing net short term asset.

97. Which of the following is not a metric to use for measuring the length of the cash cycle?

- a) Acid test days.
- b) Accounts receivable days.
- c) Accounts payable days.
- d) Inventory days.

98. Which of the following is not the responsibility of financial management?

- a) allocation of funds to current and capital assets
- b) obtaining the best mix of financing alternatives
- c) preparation of the firm's accounting statements
- d) development of an appropriate dividend policy

99. Which of the following are not among the daily activities of financial management?

- a) sale of shares and bonds
- b) credit management
- c) inventory control
- d) the receipt and disbursement of funds

100. Debt Equity Ratio is 3:1, the amount of total assets Rs.20 lac, current ratio is 1.5:1 and owned funds Rs.3 lac. What is the amount of current asset?

- a) Rs.5 lac
- b) Rs.3 lac
- c) Rs.12 lac
- d) none of the above.

101. Banks generally prefer Debt Equity Ratio at :

- a) 1:1
- b) 1:3
- c) 2:1
- d) 3:1

102. An asset is a

- a. Source of fund
- b. Use of fund
- c. Inflow of funds
- d. none of the above.

103. If a company issues bonus shares the debt equity ratio will

- a) Remain unaffected
- b) Will be affected
- c) Will improve
- d) none of the above.

PRACTICE SET

1. finance is required for
 - a. social development
 - b. economic development
 - c. industrial development
 - d. all of these
2. finance is related to
 - a. monetary resources
 - b. tax planning
 - c. borrowing
 - d. lending
3. form of government international of finance is
 - a. technical assistance
 - b. debt
 - c. grant
 - d. all of these
4. external source of finance do not include
 - a. debentures
 - b. leasing
 - c. overdrafts
 - d. retained earnings
5. internal source of finance do not include
 - a. ordinary shares

- b. better management of working capital
 - c. retained earnings
 - d. trade credit
6. which of the following is an example of owners fund?
- a. Debentures
 - b. Equity shares
 - c. public deposits
 - d. commercial papers
7. Which of the following is an external source of finance?
- a. Lease financing
 - b. Equity shares
 - c. retained earnings
 - d. all of these
8. Which of the following is an internal source of finance?
- a. Factoring
 - b. Trade credit
 - c. retained earnings
 - d. debentures
9. Funds required for purchasing current assets is an example of
- a. Fixed capital requirements
 - b. Lease financing
 - c. Working capital requirements
 - d. Ploughing back of profits
10. Public deposits are the deposits, that are raised directly from
- a. The public
 - b. The directors
 - c. the auditors
 - d. the owners
11. Equity shareholders are called
- a. Guardian of the company
 - b. Owners of the company
 - c. Partners of the company
 - d. Executives of the company
12. Which of the following is not a source of long term finance?
- a. Trade credit
 - b. Debentures
 - c. retained earnings
 - d. equity shares
13. Which of the following is not a source of short term finance
- a. Factoring
 - b. Commercial papers
 - c. trade credit
 - d. retained earnings
14. Finance made available by specialized financial institutions is called
- a. Institutional finance
 - b. Business finance
 - c. public finance
 - d. all of these
15. Debentures represent
- a. Fixed capital of the company

- b. Permanent capital of the company
- c. Fluctuating capital of the company
- d. Loan capital of the company

16. The maturity period of a commercial paper usually ranges from

- a. 20 to 40 days
- b. 60 to 90 days
- c. 120 to 365 days
- d. 90 to 364 days

17. Which is not a form of short-term spontaneous credit?

- a. Commercial paper
- b. Accrued wages
- c. trade credit
- d. accrued taxes

18. Short term loans are for a period of

- a. One year
- b. Two years
- c. three years
- d. six months

19. Medium term loans are for a period of

- a. Three months
- b. One year
- c. three years
- d. five years

20. long term loans are for a period of

- a. One year
- b. Five years
- c. more than five years
- d. none of these

21. In finance, working capital means the same thing as

- a. Total assets
- b. Fixed assets
- c. current assets
- d. none of these

22. Government grants are generally offered to businesses in

- a. Prosperous areas
- b. Cold areas
- c. economically deprived areas
- d. areas with high employment

23. Which of the source of mid-term finance?

- a. Micro credit
- b. Specialized financial institution
- c. collect advances from purchasers
- d. discounting the bills receivable

24. _____ varies inversely with profitability

- a. Liquidity
- b. Risk
- c. return
- d. loss

25. We should keep our savings with banks because

- a. It is safe
- b. Earns interest
- c. can be withdrawn anytime
- d. all of the above

26. Bank pays interest on

- a. Deposits
- b. Loan
- c. both a and b
- d. neither a nor b

27. Personal saving

- 1. Is that part of personal income that is not consumed.
- 2. Equals income minus consumption.

Codes:

- a. Only 1
- b. Only 2
- c. both 1 and 2
- d. neither 1 nor 2

28. Permanent working capital

- a. Varies with seasonal needs
- b. Includes fixed assets
- c. Is the amount of current assets
- d. Includes amounts payable

29. If a bank thinks lending money to a certain business is risky, it will

- a. Charge a lower interest rate
- b. Charge a higher interest rate
- c. Send the business packing
- d. Think about it

30. Share capital is

- a. Money given to a company by shareholders in return for a stake in the business
- b. Business borrowing capital from a financial institution
- c. Capital shared amongst owners
- d. Capital shared with shareholders

31. Under the factoring arrangement, the factor

- a. Produces and distributes the goods or services
- b. Makes the payment on behalf of the clients
- c. Collects the clients debt or account receivables
- d. Transfer the goods from one place to another

32. Internal sources of capital are those that are

- a. Generated through outsiders such as suppliers
- b. Generated through loans from commercial banks
- c. Generated through issue of shares
- d. Generated within the business

33. Financing a long lived assets with short term financing would be

- a. An example of moderate risk moderate profitability assets financing
- b. An example of low risk low profitability assets financing
- c. An example of high risk high profitability assets financing
- d. An example of the hedging approach for financing

34. Net working capital refers to

- a. Total assets minus fixed assets
- b. Current assets minus current liabilities
- c. Current assets minus inventories
- d. Current assets

35. Factors that are considered to solve the financial problem of business organizations are

1. Cost of capital supply
2. Importance and objectives of capital
3. Different types of benefits

Select the correct answer

Codes

- a. 1 2 b. 1 3 c. 2 3 d. 1 2 3

36. Which of the following is the most appropriate form for financing a new capital investment in plant and equipment?

- | | |
|--------------------------|------------------------|
| a. Trade credit | c. account payable |
| b. Six months bank notes | d. common stock equity |

37. Which of the following is the most appropriate non-spontaneous form for financing the excess seasonal current assets needs?

- | | |
|--------------------------|------------------------|
| a. Trade credit | c. account payable |
| b. Six months bank notes | d. common stock equity |

38. Under the terms of finance lease

- a. The lessor is responsible for service and maintenance of the asset
- b. It is cancellable
- c. Legal title to the assets with the lessee
- d. The asset is capitalized in the balance sheet of the lessee

39. The following is an example of the core principle information is the basis for decisions.

- a. Wealthy depositors are the banks best customers
- b. Payment made over time generally add up-to more than the original loan amount
- c. Lenders requires credit scores on individuals who want to take out loans
- d. Car insurance is often required by law

40. A company can improve its debts to total assets ratio by doing which of the following?

- a. Borrow more
- b. Sell common stock
- c. Shift short term to long-term debts
- d. Shift long term to short term debts

41. Which of the following would be consistent with a more aggressive approach to financing working capital?

- a. Financing short-term needs with short term funds
- b. Financing permanent inventory buildup with long-term debt
- c. Financing seasonal needs with short term funds
- d. Financing cost long term needs with short term funds

42. Which of the following statement is correct?
- For small companies, long term debt is the principle source of external financing
 - Current assets of the manufacturing firm account for over a half of its total assets
 - Strict adherence to the maturity matching approach for financing would call for all current assets to be financed solely with current liabilities
 - Similar to the capital structure management, working capital management requires the financing manager to make a decision and not address the issue again for several months
43. A leased asset should be depreciated over the
- Shorter of the lease term and the assets useful life
 - Longer of the lease term and the assets useful life
 - Entire lease term
 - Useful life of the asset
44. Operating leases are mostly _____ agreements.
- Finance lease
 - Medium term
 - mixed lease
 - accounting lease
45. In a land lease, if title does not pass at the end of a lease to the lessee, it is normally treated as
- Finance lease
 - Operating lease
 - mixed lease
 - accounting lease
46. The payments over the lease term the lessee can or must make, is called
- Principal
 - Interest
 - present value payments
 - minimum lease payments
47. When a lease transfer substantially all the risks and rewards of ownership to lessee, this is called
- A finance lease
 - An operating lease
 - a buy-to-let agreement
 - a rental agreement
48. Finance leases are accounted for in a similar manner to
- Credit transactions
 - Cash transactions
 - sale and leaseback agreements
 - loan forgiveness
49. Under the lease agreement, the lease gets the right to
- Share profits earned by the lessor
 - Participate in the management of the organization
 - Use the asset for a specified period
 - Sell the assets
50. How should the minimum lease payment (MLP) of a land and building lease get apportioned?
- Treat entirely as building
 - Treat entirely as land
 - Apportion MLP between land and building based on fair value of leasehold interests
 - Apportion MLP between land and building based on management judgement

- 51.** One difference between a financial lease and operating lease is that
- There is often a call option in a financing lease
 - There is often an option to buy in an operating lease
 - An operating lease is often cancellable by the lessee
 - A financial lease is often cancellable by the lessee
- 52.** Which type of lease is presumed, when the present value of minimum lease payments is approximately equal to the fair value of the lease assets?
- Finance lease
 - Operating lease
 - mixed lease
 - all of the above
- 53.** Which of the following is not a disclosure requirement for finance leases?
- Carrying amount of asset
 - Market value of asset
 - General description of significant arrangements
 - Reconciliation between total minimum lease payments and their present value
- 54.** A lease is likely to be most beneficial to both parties when
- The lessors tax rate is lower than the lessees
 - The lessors tax rate is higher than the lessees
 - The lessors tax rate is equal to the lessees
 - A lease cannot be beneficial to both parties
- 55.** Which of the following sets out concisely the information about the scheme that a prospective investor ought to know before investing?
- Scheme source document
 - Scheme information book
 - Scheme document
 - Scheme information document
- 56.** The principal reason for the existence of leasing is that
- Intermediate term loans are difficult to obtain
 - This is a type of financing unaffected by changes in tax law
 - Companies, financial institutions and individuals derive different benefits from owning assets
 - Leasing is a renewable source of intermediate term funds
- 57.** Which of the following is not an indication a lease is a finance lease?
- The lease transfers ownership of the asset to the lessee at the end of the lease
 - The lease term is for a short part of the economic life of the asset
 - The leased assets are specialized in nature
 - The present value of minimum lease payment amounts to substantially all of the fair value of the asset
- 58.** Which of the following statements are true?
- Tax shield on depreciation and interest is an important valuable both for lessor and lessee.
 - A lessee may evaluate the lease options as against the buying option.
 - Sale and lease back and leveraged lease are types of financial lease

4. Lease or financing is a type of capital budgeting decision from the point of view of the lessee
Codes

- a. 1 2 4 b. 2 3 4 c. 1 3 4 d. 1 2 3

59. Which risk arises, if a party discharges his obligations but the counterparty defaults?

- a. Replacement cost risk c. systematic risk
b. Principal risk d. unsystematic risk

60. Efficient frontier comprises of

- a. Inefficient portfolios
b. Efficient portfolios
c. Portfolios that have negatively correlated securities
d. Portfolios that have positively corrected securities

61. Efficient portfolios can be defined as those portfolios which for a given level of risk provides

- a. Maximum return c. minimum return
b. Average return d. none of these

62. Capital market line is

- a. Capital allocation line of a market portfolio
b. Capital allocation line of a risk free asset
c. Both a and b
d. Neither a and b

63. The point of tangency between risk return indifference curves and efficient frontier highlights.

- a. Optimal portfolio c. sub-optimal portfolio
b. Efficient portfolio d. none of the above

64. Which of the following are the means of marketing new issues of securities?

1. By listing of securities
2. Through jobbers and brokers
3. By private placing of securities
4. Through privileged subscription

Codes

- a. 1 2 b. 1 2 3 c. 3 4 d. 1 2 3 4

65. Riskiness of investing in _____ is more than the riskiness of investing in _____

- a. Debentures, equity shares
b. Equity shares, debentures
c. Both a and b
d. None of the above

66. Which capital investors are long-term investors who are prepared to take the risk that the entrepreneurial project can fail?

- a. Mega b. progress c. multiple d. venture

67. Some equity schemes take opposite positions in different market segments such that a return is earned while remaining risk neutral. They are called
- Positional funds
 - Arbitrage funds
 - directional funds
 - speculative funds
68. How many Greeks used for hedging portfolios of options with underlying assets?
- Four
 - five
 - six
 - ten
69. Risk of two securities with different expected return can be compared with
- Coefficient of variation
 - Variance of securities
 - Standard deviation of securities
 - None of the above
70. Which of the following is the systematic risk?
- Market risk
 - Purchasing power risk
 - interest rate risk
 - all of these
71. Securitized assets carry a unique form of risk called
- Default risk
 - Inflation risk
 - interest rate risk
 - pre-payment risk
72. Securitization and reconstruction of financial assets and enforcement of securities interest (SARFAESI) act was enacted in which year?
- 2000
 - 2001
 - 2002
 - 2003
73. In SARFAESI act E stand for
- Equity
 - Enhancement
 - empowerment
 - enforcement
74. SPV stands for
- Securities pool vehicle
 - Special pool vehicle
 - Securities purpose vehicle
 - Special purpose vehicle
75. Securitization market in India includes
- Mutual funds
 - Pension fund
 - public sector units
 - all of these
76. Since, investors can diversify away their ____ risks, they have to be compensated only for ____ risk.
- Systematic, non-systematic
 - Non-systematic, systematic
 - Both a and b

d. None of the above

77. A portfolio having two risky securities can be turned risk less if

- The correlation ranges between zero and one
- The securities are completely positively correlated
- The securities are completely negatively correlated
- None of the above

78. A portfolio comprises two securities and the expected return on them is 12% and 16% respectively. Determine return of portfolio if first security constitutes 40% of total portfolio.

- 12.4%
- 13.4%
- 14.4%
- 15.4%

79. Securitization is a process in which assets are sold to a bankruptcy remote ____ in return for an immediate cash payment.

- special purpose vehicle
- Asset reconstruction corporation
- Bank or NBFC
- Mortgage company

80. In securitization, which of the following is not a benefit to the issuer?

- Off-balance sheet treatment
- Frees up regulatory capital
- Higher credit ratings and lower borrowing costs
- Provides collateral security
- Transfer of credit risk

Codes

- 1
- 1 3 4
- 4
- 1 2 3 4 5

81. Regarding securitization, which of the following is not of correct?

- Derivatives are treated as on balance sheet items
- Granularity of securitized assets can mitigate the credit risk
- Credit enhancement means credit quality is increased above from the originators underlying asset pool
- Securitization makes it possible to transfer risks from an entity that does not want to bear it, to one that does

82. Arrange the following stages of securitisation in series.

- To find out a SPV or new SPV is formed.
- To determine which assets are to be securitized
- To acquire the receivables under an agreement at their discounted value
- To collect the fund from investors and issue securities in return

Codes

- 1 2 3 4
- 2 1 4 3
- 4 2 3 1
- 3 2 1 4

Directions (Q 83 to 88) in the questions given below are two statements labelled as statement I and statement II. In the context of the two statements, which one of the following is correct?

Codes

- a. Only statement I is true
- b. Only statement II is true
- c. Both statement are true
- d. Both statements are false

83. Statement I The most common type of spontaneous financing is trade credit.

Statement II Two different firms get the same size short-term loans, for identical purposes and with identical.

84. Statement I An overdraft is where a business is permitted to overspend on its bank account upon an agreed limit

Statement II A debenture is a long term loan.

85. Statement I IAS 17 assumes a lessor will not recover their asset, which is leased under a finance lease.

Statement II Lease payments should be split into an interest component ad expense component.

86. Statement I Trustees manage investors' money

Statement II Fund managers of close ended schemes are not allowed to churn portfolios as frequently as open ended schemes

87. Statement I Return on any financial asset consists of capital yield and current yield.

Statement II There is no difference between the capital market line and security market line as both the terms are same

88. Statement I securitization is the conversion of existing or future cash inflow into tradable security

Security II Securitization shows the true picture of financial position of a firm

Direction (Q 89 -93) In the questions given below are two statements labeled as Assertion and Reason. In the context of two statements, which one of the following is correct?

Codes

- a. Both A and R are true and R is the correct explanation of A.
- b. Both A and R are true but R is not the correct explanation of A.
- c. A is true but R is false.
- d. A is false but R is true

89. Assertion A Sale and lease back technique is a type of lease agreement.

Reason R It enables the lessee to improve their liquidity.

90. Assertion A ADR is not a US dollar denominated form of equity ownership in a non US company.

Reason R An ADR is a physical certificate evidencing ownership of American Depository Shares.

91. Assertion A External sources of funds include debentures.

Reason R Debentures are basically borrowed funds from public.

92. Assertion A Lease is a contract between the lessor and the lessee for the right to use the asset during a specified period in return for a mutually agreed periodic payment.

Reason R The lessee does not have to pay the cost of asset at the time of signing the contract of lease.

93. Assertion Variance or standard deviation is a measure of dispersion of distribution.
Reason Average return can be measured by concept of variance or standard deviation.

94. Match the following

List-I	List-II
a. Long term	1. Factoring
b. Medium term	2. Debentures
c. Short term	3. Lease financing

Codes

A	B	C
a. 3	1	2
b. 1	2	3
c. 2	3	1
d. 1	3	2

95. Match the following

List-I	List-II
a. Equity shares	1. Deposits, raised by business directly from public.
b. Inter-corporate deposits	2. Deposit made by one company with another for a period upon six months
c. Trade credit	3. Permanent source of capital for a company
d. Public deposit	4. Facilitates the purchase of raw material without immediate payment

Codes

A	B	C	D
a. 1	2	3	4
b. 3	2	4	1
c. 2	3	1	4
d. 4	3	2	1

96. Match the following

List-I	List-II
a. Commercial bank	1. IFCT
b. International capital market	2. SBI
c. International commercial bank	3. GDR
d. Financial institution	4. Standard chartered bank

Codes

	A	B	C	D
a.	1	3	4	2
b.	2	3	1	4
c.	3	4	1	2
d.	2	3	4	1

97. Match the following

List-I	List-II
a. Market risk	1. It is known as insolvency risk
b. Inflation risk	2. Risk caused due to demand and supply pressure
c. Credit risk	3. Risk due to inability to meet firms financial obligations
d. Financial risk	4. Exchange in real value of return as a result of rise in production cost

Codes

	A	B	C	D
a.	4	3	1	2
b.	1	3	2	4
c.	2	4	1	3
d.	3	2	1	4

ANSWER KEYS

1=D	2=A	3=D	4=D	5=D	6=B	7=A	8=C	9=C	10=A
11=B	12=A	13=D	14=A	15=D	16=D	17=A	18=A	19=D	20=C
21=C	22=C	23=B	24=B	25=D	26=C	27=C	28=C	29=B	30=A
31=C	32=D	33=C	34=B	35=A	36=D	37=B	38=D	39=C	40=B
41=D	42=B	43=A	44=C	45=B	46=D	47=A	48=A	49=C	50=C
51=C	52=A	53=B	54=B	55=D	56=C	57=B	58=D	59=B	60=B
61=A	62=C	63=A	64=D	65=D	66=D	67=B	68=B	69=A	70=D
71=D	72=C	73=D	74=D	75=D	76=B	77=C	78=C	79=A	80=C
81=A	82=B	83=C	84=C	85=A	86=B	87=A	88=A	89=B	90=D
91=A	92=B	93=C	94=C	95=B	96=D	97=C			

PRACTICE SET'

1. Assertion Management of working capital refers to the management of current assets and current liabilities.

Reason But the major thrust of course is on the management of current assets because current liabilities arise in the context of current assets.

a. Both A and R are correct

b. A is correct and R is incorrect.

c. both A and R is correct.

d. A is correct but R is incorrect

2. Match list-I and List II and select the correct answer using the codes given below the lists:

List-I	List-II
a. Adam	I. Subsistence smith theory
b. Karl	II. Wage fund Mary theory
c. John	III. The surplus Davidson value theory
d. David	IV. Bargaining Ricardo theory

Codes

	A	B	C	D
a.	II	III	IV	I
b.	I	II	III	IV
c.	IV	I	II	III
d.	III	IV	I	II

3. Match list-I with list-II and select the correct answer using the codes given below the lists:

List-I	List-II
a. Capital budgeting	1. Time adjusted rate of return
b. Profitable index	II. Irreversible
c. Internal rate of return	III. Benefit/cost
Capital investment decisions	IV. Planning capital expenditures

Codes

	A	B	C	D
a.	IV	III	II	I
b.	I	IV	II	III
c.	IV	III	I	II
d.	II	I	III	IV

4. Match list-I with list-II and select the correct answer using the codes given below the lists:

List-I	List-II
a. Factoring services	I. Receivable management
b. Economic order quantity	II. Inventory management
c. Commercial paper	III. Working capital financing

Codes

	A	b	c
A.	I	III	II
B.	III	II	I
C.	II	III	IV

D. II I III

5. Match List-I with List-II and select the correct answer using the codes given below lists:

List-I	List-II
a. Matching approach	I. Dividend policy
b. Structural ratios	II. Inventory management
c. Ordering quality	III. Financing working capital
d. Bonus shares	IV. Capital structure

Codes

	A	b	c	d
A.	I	II	III	IV
B.	III	IV	I	II
C.	III	IV	II	I
D.	II	I	III	IV

6. Match List-I with List-II and select the correct answer using the codes given below the lists:

List-I	List-II
a. Modigliani miller approach	I. Commercial paper
b. Net operating income approach	II. Working capital
c. Short term money market instrument	III. Capital structure
d. Factoring	IV. arbitrage

Codes:

	A	B	C	D
a.	IV	III	I	II
b.	III	IV	I	II
c.	III	II	I	IV
d.	IV	II	III	I

7. which one of the following is correct

I. a ratio is an arithmetical relationship of one number to another number.

II. Liquid ratio is also known as acid test ratio.

III. Rule of thumb for current ratio is 2:1

IV. Debt equity ratio is the relationship between outside fund and shareholders fund.

a. Only I ii iii are correct. b. Only ii iii iv are correct

c. Only ii iii are correct d. All of the correct

8. Examine the following statements.

I. Payback period method measure the true profitability of a period.

II. Capital rationing and capital budgeting mean the same thing.

III. Internal rate of return and time adjusted rate of return are the same thing

IV. Rate of return takes into account the time value of money

Codes

- | | |
|-----------------------------|----------------------------|
| a. I ii and iii are correct | b. I i and iii are correct |
| c. Only iii is correct | d. I ii iii iv are false |

9. Read the following statements

I. Working capital is the amount of funds necessary to cover the cost of operating the enterprise.

II. Circulating capital means current assets of a company that are changed in the ordinary course of business from one form to another.

Codes.

- | | |
|-----------------------------|-----------------------------|
| a. I ii are correct | b. I and ii are false |
| c. I is correct ii is false | d. I is false ii is correct |

10. Working capital represent the portion of current assets financed through long term funds. This indicates

Net working capital

Gross working capital

Codes

- | | |
|------------------|-------------------------|
| a. I is correct | c. I and ii are correct |
| b. Ii is correct | d. both are incorrect |

11. Which one of the following is correct.

I. Liquidity ratios measures along term solvency of a concern

II. Inventory is a part of liquidity assets

III. Rule of thumb for acid test ratio is 2:1

IV. The amount of gross assets is equal to net capital employed

Codes

- | | |
|----------------|------------------|
| a. I ii and iv | b. Ii iii iv |
| c. I ii iii iv | d. None of these |

12. Read the following statements

I. The rate of return on investment increase with the shortage of working capital

II. Net working capital is the excess of current assets over current liabilities

III. Greater the size of the business unit larger will be the requirement of working capital

IV. Working capital is also known as circulating capital

Which one of the following consists of the correct statements.

- | | | | |
|-------------|--------------|-------------|------------|
| a. I ii iii | b. ii iii iv | c. iii iv I | d. I ii iv |
|-------------|--------------|-------------|------------|

13. Dividend policy of a computer mainly concern with

I. Dividend payout and for

II. Stability of dividend

- | | |
|-----------------------|--------------------------|
| a. Only i is correct | c. I and ii are correct |
| b. Only ii is correct | d. I ii are in incorrect |

14. Which of the following steps of purchase decision process is in sequence?

1. Problem recognition
 2. Search for alternative
 3. Evaluation of alternative
 4. Purchase action
 5. Post purchase action
- Codes

a. 1 3 2 4 5 b. 1 2 4 3 5 c. 2 1 3 5 4 d. 1 2 3 4 5

15. Which of the following statement are correct
- I. Inventory includes raw materials, finished goods and work in progress
 - II. Inventory is a part of the working capital
 - III. Inventory includes goods likely to be purchased
- Codes

a. I ii iii b. ii iii c. I iii d. I ii

16. Arrange the following steps involved in capital budgeting in order of their occurrence
- I. Project selection
 - II. Project appraisal
 - III. Project generation
 - IV. Follow on
 - V. Project execution
- Codes

a. Ii iii I v iv b. Iii ii I v iv
c. I iii ii v iv d. I ii iii v iv

17. Which of the following term is used to represent the proportionate relationship between debt and equity?

a. Cost of capital c. asset structure
b. Capital budgeting d. capital structure

18. The basic objective of financial management is

a. Maximization of profits
b. Profit planning of the organization
c. Maximization of shareholders wealth
d. Ensuring financial disciplined in the organization

19. Which of the following is not include in the assumption on which Myron Goeden proposed a model on stock valuation.

a. Retained earning the only source of financing
b. Finite life of the firm
c. Taxes do not exist
d. Constant rate of return on forms investment

20. The overall capitalization rate and the cost of debt remain constant for all degrees of financial leverage is advocated by

a. Traditional approach b. Net income approach
c. Net operating income approach d. MM approach

ANSWER KEYS

1=B	2=A	3=B	4=C	5=C	6=B	7=D	8=A	9=B	10=C
11=D	12=B	13=C	14=C	15=D	16=B	17=D	18=C	19=B	20=D

PRACTICE SET

- Which of the following sources of finance has an implicit cost of capital?
 - Equity share capital
 - Preference share capital
 - Debentures retained earnings
 - NOTA
- Which of the following variables is not known in internal rate of return method of capital budgeting?
 - Amount of cash inflows
 - Life of the project
 - Amount of cash outflows
 - Discount rate
- Which one of the following methods of capital budgeting assumes that cash inflows are reinvested at the project rate of return?
 - Net project value
 - Accounting rate of return
 - Internal rate of return
 - Discounted payback period
- Cost of equity share capital is more than cost of debt because
 - Equity shares are not easily saleable
 - Equity shares do not provide the fixed dividend rate
 - Generally the face values of equity shares is less than the face value of debentures
 - Equity shares have high risk than debts
- Which of the following is an implicit cost of increasing proportion of debt of a company?
 - PE ratio of the company would increase
 - Rate of return of the company would decrease
 - Tax shield would not be available on new debts
 - Equity shareholders would demand higher return
- Which of the following is not an approach to the capital structure?
 - Gross profit approach
 - Net operating income approach
 - Net income approach
 - Modigliani and miller approach
- Which of the following statement is false?
 - The opportunity cost of an input is considered in capital budgeting
 - Capital budgeting decision are reversible in nature
 - Cash flows and accounting profits are different
 - An expansion decision is a capital budgeting decision
- Which one of the following is not a method of calculating cost of equity capital?
 - Dividend yield method
 - Dividend yield plus growth method
 - Yield to maturity method
 - Earnings yield method
- Which one of the following equates the present value of cash out flows and the present value of expected cash inflows from a project?

- a. Net present value
c. Payback period
- b. Internal rate of return
d. Accounting rate of return

10. Statement I In payback period method the risk of the project is adjusted by lessening the target payback period.

Statement II Sensitivity analysis helps in calculation of net present value of the proposal.

- a. Statement I is correct But II is incorrect
b. Statement I is wrong but statement II is correct
c. Both statements are correct
d. Both statements are wrong

11. Which of the following statement is not correct?

- a. The cost of capital is required rate of return to ascertain the value of the firm
b. Different sources of funds have a specific cost of capital related to that source only
c. Cost of capital does not comprise any risk premium
d. Cost of capital is basic data for NPV technique

12. Which of the following is not true with reference to capital budgeting?

- a. Capital budgeting is related to asset replacement decisions
b. Cost of capital is equal to minimum required rate of return
c. Timing of cash flows is relevant
d. Existing investment in a project is not treated as sunk cost

13. From the following techniques of capital budgeting decisions, indicate the correct combination of discounting techniques.

1. Profitability index
2. Net present value
Codes
3. Accounting rate of return
4. Internal rate of return

- a. 1 2 3
b. 2 3 4
c. 1 2 4
d. 1 3 4

14. Which of the following is not a feature of payback period methods?

- a. It is simply a method of cost recovery and not of profitability
b. It does not consider the time value of money
c. It does not consider the risk associated with the projects
d. It is very difficult to calculate

15. A company has issued 10% perpetual debt of Rs 100000 at 5% premium. If tax rate is 30% then the cost of debt will be

- a. 105
b. 15%
c. 6.66%
d. 8.21%

16. The term capital structure implies

- a. Share capital + reserves + long term debts
b. Share capital + long and short term debts
c. Share capital + long term debts
d. Equity and preference share capital

17. From investors point of view, the cost of capital is

- a. Interest rate
b. Market value
c. yield of capital sacrifice
d. stock exchange value

18. Formula for net cash inflow of a project is

- a. Sales – operating expenses – indirect tax
b. Sales – operating expenses
c. Net profit after tax + depreciation
d. Gross profit + depreciation

19. In case cost of capital is 10%, EPS Rs 10, IRR 8% and retention ratio is 60%, then the value of equity share as per Gordon Model will be

- a. 100
b. 87
c. 90
d. 77

20. Which of the following techniques for appraisal of investment proposals are based on time value of money?

1. Accounting rate of return
2. Internal rate of return
3. Profitability index method
4. Earnings per share

Codes.

- a. 1 2
b. 2 3
c. 1 4
d. 1 2 4

21. Which of the following is not true with reference to capital budgeting?

- a. Capital budgeting is related to asset replacement decision
b. Cost of capital is equal to minimum required return
c. Existing investment in a project is not treated as sunk cost
d. Timing of cash flows is relevant

22. In capital budgeting the term capital rationing implies

- a. That no retained earnings are available
b. That limited funds are available for investment
c. That no external funds can be raised
d. That no fresh investment is required in current year

23. In certainty equivalent approach, adjusted cash flows are discounted at

- a. Accounting rate of return
b. Internal rate of return
c. hurdle rate
d. risk free rate

24. Match the following

List-I	List-II
a. Payback rate of return	1. Discounted cash flow technique
b. Internal rate of return	2. Compounded values of investments and returns
c. Benefit cost ratio	3. Crude method for project evaluation
d. Net terminal value method	4. Varying sized projects evaluation

Codes

- A B C D
- a. 2 3 1 4

- b. 3 1 4 2
- c. 1 4 2 3
- d. 4 2 3 1

25. Match the following

List-I	List-II
a. Realized yield method	1. Cost of equity share capital
b. Taxation	2. Cost of equity capital
c. Cost of total capital employed	3. Cost of debt capital
d. Dividend growth is a consideration	4. Weighted cost of capital

Codes

- | | | | | |
|----|---|---|---|---|
| | A | B | C | D |
| a. | 4 | 3 | 2 | 1 |
| b. | 2 | 4 | 1 | 3 |
| c. | 2 | 3 | 4 | 1 |
| d. | 1 | 2 | 3 | 4 |

26. Assertion (A) Arbitrage keeps the cost of capital constant despite change in the capital structure.

Reason® It ensures compensating inverse change in cost of equity capital with a change in the cost of debt capital

- a. A and R are true and R is the correct explanation of A
- b. A and R are true But R is not the correct explanation of A
- c. A is true but R is false
- d. A is not true but R is true

27. Indicate the cost of equity capital based on capital asset pricing model with the following information. Beta coefficient 1.40. Risk free rate of interest 9%. Expected rate of return on equity in the market 16%.

- a. 98% b. 18% c. 18.8% d. 16%

28. Assertion When two or more investment proposals are mutually exclusive ranking the proposals on the basis of IRR NPV and PI methods may give contradictory results.

Reason The contradictory results in the ranking are due to different dimensions relating to the scale of investments, cash flow patterns and project lives.

- a. Both A and R are true
- b. A is true but R is a necessary condition but not a sufficient condition
- c. Both A and R are false
- d. Both A and R are true and R is the correct explanation of A

29. Interim cash inflows are reinvested at a rate of return equal to the internal rate of return is the built in mechanism for

- a. Net present value method b. Internal rate of return method

c. Profitability index method

d. None of the above

30. Which one of the following is the most popular method for estimating the cost of equity?

a. Capital asset pricing model

b. Dividend yield method

c. Gordons dividend discount model

d. Earnings yield method

31. Which one of the following is not the internal factor affecting the weighted average cost of capital of a firm?

a. Investment policy of the firm

b. Capital structure of the firm

c. Dividend policy followed

d. Market risk premium for the firm

32. Assertion The IRR of a project is the discount rate which reduces its NPV to zero.

Reason A project is worth accepting if the IRR exceeds the cost of capital.

a. A is true but R is false

b. Both A and R are true

c. A is false but R is true

d. Both A and R are false

33. Positive NPV in project appraised by a firm may not occur an account of

a. Economics of scale

c. product differentiation

b. Market research

d. intangible benefits

34. In case the projects are divided under capital rationing an appropriate project appraisal method is

a. Net present value method

b. Profitability index method

c. Internal rate of return method

d. Payback period method

35. Which one refers to cash inflow under payback period method?

a. Cash flow before depreciation and taxes

b. Cash flow after depreciation and taxes

c. Cash flow after depreciation and before taxes

d. Cash flow before depreciation and after taxes

36. The concept of present value is based on the

a. Principle of compounding

c. both a and b

b. Principle of discounting

d. none of these

37. Cost of capital from all the sources of funds is called

a. Specific cost

c. implicit cost

b. Composite cost

d. simple average cost

38. The conflicts in project ranking in capital budgeting as per NPV and IRR may arise because of

a. Size disparity

c. life disparity

b. Time disparity

d. all of these

Answer keys

1=D 2=D 3=C 4=D 5=D 6=A 7=B 8=C 9=B 10=A

11=C	12=D	13=A	14=C	15=C	16=A	17=C	18=C	19=D	20=B
21=B	22=D	23=B	24=B	25=C	26=A	27=C	28=B	29=B	30=A
31=D	32=B	33=D	34=B	35=B	36=B	37=A	38=D		

PRACTICE SET'

- Finance functions are
 - Planning for funds
 - Raising of funds
 - allocation of resources
 - all of the above
- Financial management includes
 - Measurement of performance
 - Finance function
 - financial resources
 - all of the above
- Financial management is a part of
 - Accounting
 - Business management
 - financial accounting
 - all of the above
- Which is the limitation of traditional approach of financial management?
 - More emphasis on long term problems
 - One-sided approach
 - Ignores allocation of resources
 - All of the above
- Which is the element of finance manager?
 - Investing and financing decisions
 - Financial analysis and performance appraisal
 - All of the above
 - None of the above
- The finance manager plays an important role in
 - Liquidation decisions
 - Reconstruction
 - amalgamation
 - all of the above
- Which is the internal source of finance?
 - Outstanding payment
 - Provision for taxation
 - depreciation funds
 - all of the above
- Which is external source of finance?
 - Letters of credit
 - Finance from companies
 - advance from customers
 - all of the above
- Which is the function of treasurer?
 - Management of pension
 - Both of the above
 - Management of credit
 - None of the above
- The financial management is responsible for the
 - Controlling of the organization
 - Recording the transaction
 - Organizing training programmes
 - Finance function of the firm

11. Finance management is the
- Application of planning and control function to the finance function
 - Application of cost plan in respect of production
 - Application of costing system
 - Art of recording
12. Payback reciprocal method of ranking investment proposals should be used only when
- Annual savings are even for the entire period
 - The economic life of the project is at least twice of the payback period
 - A and b are correct
 - None of the above
13. Which is the merits or advantages of net present value method?
- This method considers the entire economic life of the project
 - It takes into account the objective of maximum profitability
 - This method can be applied where cash inflows are even
 - All of the above
14. Which is the type of leverage?
- Operating leverage
 - Financial leverage
 - A and b
 - All of the above
15. Which factor determines capital structure?
- Risk
 - Cost of capital
 - trading on equity
 - all of the above
16. Which is the determinants of capital structure
- Government policy
 - Control
 - tax
 - requirement of investors
17. The proposal is accepted if the profitability index is more than
- One
 - zero
 - three
 - five
18. The proposal is rejected in case the profitability index is
- Less than one
 - less than zero
 - less than 2
 - less than 5
19. Which is a approach of valuation?
- Asset based approach to valuation
 - Earnings based approach to valuation
 - Market value based approach to valuation
 - All of the above
20. Total assets – total external liabilities equal to
- Net assets
 - net liabilities
 - Net cost
 - net depreciation
21. The arrangement of working capital and current assets can be done only by
- Short term sources
 - long term sources

b. Cost of capital

d. financial plan

22. Profit maximization includes

a. It is indicator of economic efficiency

b. Maximization of social benefit

c. Measurement of success of business decisions

d. All of the above

23. If the equity shareholder purchases the shares of the company at more than the face value of the share then the _____ is calculated.

a. Dividend yield ratio

c. payout ratio

b. Earnings yield ratio

d. debt equity ratio

24. The cost of depreciation funds is calculated according to

a. Opportunity cost theory

c. accounting theory

b. Flow

d. reserve theory

25. If cash inflows are not uniform, the calculation of pay back period takes a

a. Common profit

c. cumulative form

b. Favorable position

d. all of the above

26. Capital budgeting is

a. Related to long time

c. related to short time

b. A profit

d. a sales

27. Capital budgeting actually the process of making investment decisions in

a. Sales planning

c. fixed assets

b. Production process and style

d. current assets

28. Capital budgeting is

a. A long term investment

c. a strategic investment decisions

b. A irreversible decisions

d. all of the above

29. Which factor determines dividend policy?

a. Debt repayment

c. public opinion

b. Stability of income

d. all of the above

30. Dividend is income for the

a. Shareholders

c. company

b. SEBI

d. goods suppliers

31. Dividends are the _____ of a company distributed amongst members in proportion to their shares

a. Divisible profits

c. reserve

b. Assets with cash and bank

d. indivisible profits

32. A company earns sufficient profit before the close of the financial year and its management declares dividend, this dividend is called
- Special dividend
 - Final dividend
 - interim dividend
 - proposed dividend
33. If the annual cash inflows are constant, the pay-back period can be computed by dividing cash outlay by
- Annual cash inflows
 - Annual sales flows
 - expenses
 - profit
34. Capital budgeting process involves
- Evaluation of various proposals
 - Screening the proposals
 - Identification of investment proposals
 - All of the above
35. The present value of all inflows are cumulated in
- Order of investment
 - Order of cash
 - order of time
 - order of sales
36. Capital budgeting is
- Actually the process of making investment decisions in capital expenditure
 - A profit
 - A sales
 - A cost
37. Capital budgeting is known as
- Cost of production
 - Capital expenditure
 - cost of sales
 - profit
38. Capital budgeting as acquiring inputs with long run return. Who said
- Richard and green
 - J betty
 - Charles horngreen
 - lyuch
39. Capital budgeting investment decision involve
- Capital expenditure
 - Long term assets
 - a long term function
 - all of the above
40. Which is the element of capital budgeting decision?
- Capital expenditure project
 - A long term investment
 - A long term effect
 - All of the above

Answer keys

1=D	2=D	3=B	4=D	5=C	6=D	7=D	8=D	9=C	10=B
11=A	12=C	13=D	14=C	15=D	16=A	17=A	18=A	19=D	20=A
21=A	22=D	23=B	24=A	25=C	26=A	27=C	28=D	29=D	30=A
31=A	32=C	33=A	34=D	35=C	36=A	37=B	38=A	39=D	40=D

Past Year Papers'

1. Which of the following statements are false?

1. Capital profits can never be distributed as dividends to the shareholders.
2. Dividends are paid out of profits and therefore do not affect the liquidity position of the firm.
3. Every company should follow the policy of low dividend payments
4. Walters model suggests that dividend payment does not affect the market price of the share

Codes

- a. 1 2 3 b. 3 4 c. 2 3 4 d. 1 2 3 4

2. Negative net working capital implies that

- a. Long term funds have been used for fixed assets
- b. Short term funds have been used for fixed assets
- c. Long term funds have been used for current assets
- d. Short term funds have been used for current assets

3. Profitability index of a project is the ratio of present value of cash inflows to

- a. Total cash inflows
- b. Total cash outflows
- c. present value of cash outflows
- d. initial cost minus depreciation

4. Which one of the following statement is false?

- a. Effective dividend policy is an important tool to achieve the goal of wealth maximization
- b. According to walter the optimal payout ratio for a growth firm is 100%
- c. MM Model asserts that the value of the firm is not affected whether the firm pays dividend or not
- d. Bird in the hand theory in reference to dividend decision has been developed by Myron Gordon

5. Match the items of List I with those of List II and indicate the correct code.

List-I	List-II
a. ABC analysis	1.Dividend decision
b. Walter model	2.Capital budgeting decision
c. Capital rationing	3.Capital structure decision
d. Net operating income approach	4.Working capital management decision

Codes

- | | A | B | C | D |
|----|---|---|---|---|
| a. | 1 | 3 | 2 | 4 |
| b. | 2 | 1 | 4 | 2 |
| c. | 4 | 1 | 2 | 3 |
| d. | 3 | 1 | 2 | 4 |

6. Match the items of List I with those of List II and indicate the correct code

List-I	List-II
a. Net income approach	1. Working capital management
b. Profitability index	2. Over capitalization
c. Concentration banking	3. Capital structure planning
d. Lower rate of return	4. Capital budgeting decision

Codes

	A	B	C	D
a.	3	4	1	2
b.	3	4	2	1
c.	4	2	3	1
d.	4	3	1	2

7. Dividend irrelevance argument of MM model is based on

- a. Hedging
- b. Issue of debentures
- c. liquidity
- d. arbitrage

8. Which one of the following combination of rules stands true while preparing schedule of changes in working capital

- 1. An increase in current assets increase working capital
 - 2. An increase in current assets decrease working capital
 - 3. An increase in current liabilities decrease working capital
 - 4. An increase in current liabilities increases working capital
- a. 1 4 b. 1 3 c. 2 3 d. 3 4

9. Assertion The important aspect of dividend policy is to determine the amount of earnings to be distributed to shareholders and the amount to be retained in the firm

Reason Dividend policy of the firm has its effect on both the long term financing and the wealth of shareholders.

Codes

- a. Both A and R are correct and R is the correct explanation of A
- b. Both A and R are correct but R is not the correct explanation of A
- c. A is correct but R is incorrect
- d. R is correct A is incorrect

10. Insufficient working capital may result into which combination of the following?

- 1. Failures to adapt to changes
- 2. Enhancement in credit worthiness of the firm
- 3. Reduced availability of trade and cash discounts
- 4. Reduced volume of sales

Codes

- a. 1 2 3 b. 1 3 4 c. 1 2 4 d. 1 2 3 4

11. Which combination of the following represents the assumptions of the Walters dividend model?

- a. The company has a very long or perpetual life.
- b. All earnings are either reinvested internally or distributed as dividend
- c. There is no floatation cost for the company
- d. Cost of capital of the company is constant

Codes

- a. 1 2 3 b. 2 3 4 c. 1 2 4 d. 1 3 4

12. Which of the following is not a source of credit information of prospective customers?

- a. Letter of credit
- b. Bank reference
- c. trade enquiry
- d. credit bureau

13. The portion of earnings which is distributed among shareholders in the form of dividend is called

- a. Proprietary ratio
- b. Earnings yield ratio
- c. payout ratio
- d. retention ratio

14. Select the correct code regarding motives for holding inventories by firms

- 1. Transaction motive
- 2. Environmental motive
- 3. Precautionary motives
- 4. Speculative motive
- 5. competitive motive

Codes

- a. 1 2 3 4
- b. 1 2 4 5
- c. 1 4 5
- d. 1 3 5

15. Dividend is not relevant in determining the value of the company. Who among the following held this opinion?

- a. J E Walter
- b. Ezra Soloman
- c. Modigliani miller
- d. MJ Gordon

16. Concentration banking is a method of

- a. Decentralized collection
- b. Centralized collection
- c. direct collection
- d. . payment only through cheques

17. Which one of the following assumptions is not included in the James E Walter valuation model?

- a. All financing by retained earnings only
- b. No change in the key variables such as EPS and DPS
- c. The firm has finite life
- d. All earnings are either distributed as dividends or invested internally immediately

18. Statement I Working capital leverage measures the responsiveness of return on equity for changes in current assets.

Statement II When the annual demand for an item is 3200 units, unit cost Rs 6, inventory carrying changes 25% per annum and cost of one procurement Rs 150 the economic ordering quantity would be 700 units.

Codes

- a. Both statements are true
- b. Both statements are false
- c. Statement I is true but statement II is false
- d. Statement I is false but statement II is true

19. Cash flow management involves

- 1. Lock box system
- 2. Marketable securities
- 3. Playing the float
- 4. Concentration bank account

Codes

- a. 1 2 3 b. 2 3 4 c. 1 3 4 d. 1 2 4

20. Dividend capitalization model was developed by

- a. Ezra Solomon c. James E Walter
b. Myron J Gordon d. Merton H Miller and Franco Modigliani

21. Insufficient working capital in any enterprise may also result into

1. Failure to adapt to changes 2. Overcapitalization
3. Reduced availability of trade and cash discounts 4. Reduced volume of production and sales
Codes

- a. 1 2 3 b. 1 3 4 c. 2 3 d. 1 4

22. Which one of the following assumptions is not covered in the Walters model of the Dividend policy?

- a. All financing is done through retained earnings
b. Firms business risk does not change due to additional investments
c. The firm has an infinite life
d. The key variables like EPS and DPS keep on changing

23. Which one of the following emphasizes the qualitative aspects of working capital management?

- a. Gross working capital c. net working capital
b. Quick working capital d. none of these

24. Assertion A company should pay dividend to its shareholders
Reason Dividends are heavily taxed than capital gains.

Codes

- a. Both A and R are true b. Both A and R are false
c. A is false but R is true d. A is true but R is false

25. Dividend irrelevance hypothesis implied in the

- a. Traditional model c. Gordon model
b. Walter model d. MM Model

26. Permanent working capital is generally financed through

- a. Long term capital funds b. Government assistance
c. Internal financing d. Short term loans from banks

27. The appropriate ratio for indicating liquidity crisis is

- a. Operating ratio c. current ratio
b. Sales turnover ratio d. acid test ratio

28. Who proposed a model to apply economic order quantity concept of inventory management to determine the optimum cash holding in a firm?

- a. Keith V Smith c. William J Baumol

b. Miller and Off

d. JM Keynes

29. Match the following

List-I	List-II
a. Modigliani miller approach	1. Commercial papers
b. Net operating income approach	2. Working capital management
c. Short term money market instrument	3. Capital structure
d. Factoring	4. arbitrage

Codes

	A	B	C	D
a.	4	3	1	2
b.	3	4	1	2
c.	4	3	1	2
d.	3	2	4	1

Answer Keys

1=D	2=B	3=C	4=B	5=C	6=A	7=D	8=B	9=A	10=B
11=A	12=A	13=C	14=D	15=C	16=A	17=C	18=B	19=C	20=B
21=B	22=D	23=C	24=A	25=D	26=A	27=D	28=C	29-B	

PRACTICE SETS

- the core of the Bretton woods system was the
 - world bank
 - IMF
 - united nations
 - interstate commerce commission
- For a foreign exchange of specific currency, the non-hedged position is classified as
 - Open position
 - Close position
 - currency long position
 - currency short position
- Majority of retail forex trading happens in
 - Forward market
 - Spot market
 - futures market
 - swap market
- The three different types of forex transactions are
 - Spot, forward, swaps
 - Spot, cash, DTC
 - spot, forward, futures
 - spot, futures, options
- The immediate exchange of one currency for another is a
 - Forward transaction
 - Spot transaction
 - money transaction
 - exchange transaction
- An agreement to exchange of one currency for another in one month is a
 - Spot transactions
 - forward transactions

- b. Future transactions
d. monthly transactions
7. For contingency exposures of foreign exchange the best derivative that can be used to hedge is
a. Forwards
b. Options
c. futures
d. swaps
8. What are the effects of speculation on exchange rate?
a. It aggravates the market trends
b. It causes violent fluctuations in exchange rate
c. Both a and b
d. Neither a nor b
9. Exchange rates are determined in the
a. Money market
b. Foreign exchange market
c. stock market
d. capital market
10. The potential effect of exchange rate fluctuations on FDI is expressed as
a. Translation
b. Transaction
c. conversion
d. economic
11. When domestic currency appreciates, it benefits _____ and harms _____
a. Domestic exporters, domestic importers
b. Domestic exporters, foreign importers
c. Domestic importer, foreign exporter
d. Domestic importer. Domestic exporter
12. Operational techniques include
a. Diversification of a company operations
b. Purchasing of currency options
c. Exposure netting
d. Both a and c
13. All of the following are types of financial instruments expect
a. Currency forward contracts
b. Swap agreements
c. Currency futures contracts
d. Money market hedge
14. Which of the following is not a type of swap agreement?
a. Currency
b. Credit
c. money market
d. market selection
15. Which of the following is not a means of diversified marketing?
a. Economies of scale
b. Product strategy
c. pricing contracts
d. market selection
16. A survey of chief financial officers found that the most commonly used hedging technique is
a. Swaps
b. Options
c. forward contracts
d. future contracts
17. Hedging transaction is indicated by
a. Transactions in odd amounts
b. Presentation of documentary support
c. Frequency of such transactions
d. None of the above

18. Hedging with options is best recommended for
- Hedging receivables
 - Hedging contingency exposures
 - Hedging payables
 - Hedging foreign currency loans
19. A firm operating in India cannot hedge its foreign currency exposure through
- Forwards
 - Options
 - futures
 - none of these
20. Translation exposure arises in respect of items translated at
- Current rate
 - Historical rate
 - average rate
 - all of these
21. The following method cannot be used for managing translation exposure
- Forward contracts
 - Option contracts
 - exposure netting
 - leading and lagging
22. Economic exposure does not deal with
- Change in real exchange rates
 - Future cash flow of the firm
 - Expected exchange rate changes
 - None of the above
23. An operation in order to protect the domestic currency value of an asset or a liability that is denominated in foreign currency is called as
- Hedging
 - Hermes
 - indexation
 - leading
24. _____ means using short term forward contracts to offset paper gains and losses on the long term assets and liabilities of foreign subsidiaries.
- Hedging transaction exposure
 - Hedging balance sheet exposure
 - Hedging economic exposure
 - Hedging cost exposure
25. A multinational company that is faced with mild interference upto complete confiscation of all assets is encountering
- Translation risk exposure
 - Transaction risk exposure
 - political risk exposure
 - economic risk exposure
26. The true cost of hedging transaction exposure by using forward market is
- Difference between agreed rate and spot rate at the time of entering into contract
 - Difference between agreed rate and spot rate on the due date of contract
 - Forward premium
 - Discount annualized
27. An _____ hedge protects the company from adverse exchange rate movements but allow the company to benefit from favorable movements
- Balance sheet
 - Forward market
 - money market
 - options market

28. Which of the following is not one of the steps for currency exposure management?

- a. Forecast the degree of exposure
- b. Develop a reposting system to monitor exposure and exchange rate movements
- c. Buying additional foreign subsidiaries
- d. Assign responsibility for hedging exposure

29. The exchange rate is

- a. The price of one currency relative to gold
- b. The value of a currency relative to inflation
- c. The change in the value of money over time
- d. The price of one currency relative to another

30. Corporations today are operating in an environment in which exchange rate changes may adversely affect their competitive positions in the market place. This situation in turn market it necessary for many firms to

- a. Carefully manage their exchange risk exposure
- b. Carefully measure their risk exposure
- c. Both a and b
- d. Neither a nor b

31. In an agreement to exchange one currency for another in three months at a fixed price, the price is the _____

- a. Spot exchange rate
- b. Money exchange rate
- c. Forward exchange rate
- d. Monthly exchange rate

32. The larger fluctuations in portfolio value of foreign exchange of financial institutions leads to

- a. Greater liquidity of assets
- b. Greater volatility of rates
- c. Lesser volatility of rates
- d. Lesser liquidity of assets

33. In the foreign exchange market, the _____ of one country is traded for the _____ of another country

- a. Currency, currency
- b. Currency, financial instruments
- c. Currency, goods
- d. Goods, goods

34. What prompted Bretton Woods Agreement?

- a. To set up a system that would maintain a stable exchange rate system
- b. To create a flexible exchange rate system
- c. To stop World War II
- d. Eradicate the economic difficulties brought in by world war II

35. The international monetary system can be defined as the institutional framework within which

- a. International payments are made
- b. Movement of capital is accommodated
- c. Exchange rates among currencies are determined
- d. All of the above

36. The international monetary system went through several distinct stages of evolution. These stages are summarized, in alphabetic order as follows

- 1. Bimetallism
- 2. Bretton woods system
- 3. Classical gold standard
- 4. Flexible exchange rate regime

Interwar period

The chronological order that they actually occurred is

- a. 3 1 4 2 5 b. 1 3 5 2 4 c. 4 1 3 2 5 d. 5 2 1 3 4

37, Under the Bretton woods system

- a. There was an explicit set of rules about the conduct of international monetary policies
- b. Each country was responsible for maintaining its exchange rate within 1% of the adopted per value by buying or selling foreign exchange as necessary.
- c. The US dollar was the only currency that was fully convertible to gold
- d. All of the above

38. Special drawing right are

- a. An artificial international reserve allotted to the members of the IMF, who can then use it for transactions among themselves or with the IMF.
- b. A portfolio of currencies and its value tends to be more stable than the currencies that it is comprised of
- c. Used in addition to gold and foreign exchanges to make international payments
- d. All of the above

39. Under a flexible exchange rate regime, governments can retain monetary policy independence because the external balance will be achieved by

- a. The exchange rate adjustments b. The price specie flow mechanism
- c. The tiffin paradox d. None of the above

40. Which of the following refers to the institutional arrangements countries adopt to govern exchange rates?

- a. International monetary fund b. International monetary system
- c. Global agreements on exchange rates d. Bretton woods arrangement

41, Arbitrageurs in foreign exchange markets

- a. Attempt to make profits by outguessing the market
- b. Make their profits through the spread between bid and offer rates of exchange
- c. Take advantage of the small inconsistencies that develop between markets
- d. Need foreign exchange in order to buy foreign goods

42. It is very difficult to interpret news in foreign exchange markets because

- a. Very little information is publicly available
- b. It is difficult to know which news is relevant to future exchange rates
- c. It is difficult to know whether the news has been obtained legally
- d. All of the above

43. The foreign exchange market is referred to as a market where one country's currency is exchanged for another currency. The currency exchange is usually made through the following methods

- a. Buyers and sellers of foreign exchange meet at a physical location
- b. Buyers and sellers of foreign exchange meet through a telephone network
- c. Buyers and sellers of foreign exchange meet through computer communication

d. Both b and c

44. The starting point for understanding how exchange rates are determined is a simple idea called _____ which states if two countries produce an identical good, the price of the good should be the same throughout the world no matter which country produces it

- a. Greshams law
- b. The law of one price
- c. purchasing power parity
- d. arbitrage

45. In the foreign exchange market, factors that shift the expected return schedule for foreign deposits include

- 1. A change in the foreign interest rate
 - 2. A change in the expected future exchange rate
 - 3. A change in the current exchange rate
- Select the correct answer by using the codes given below

- a. 1 2
- b. 2 3
- c. 1 3
- d. 1 2 3

46. There are important differences between translation, transaction and economic exposure. Which of the following statements regarding these differences is true?

- a. Translation and economic exposure look to the future impact of an exchange rate change which has occurred or may occur
- b. Translation and transaction exposure involve actual or potential cash flow changes
- c. Economic exposure is essentially objective because it depends on outstanding obligations which existed before changes in exchange rates
- d. Economic exposure is essentially subjective because it depends on estimated future cash flows for an arbitrage

47. Which of the following are rules to use when choosing between forward contracts and currency options?

- a. When the quantity of a foreign currency cash outflow is known buy the currency forward
- b. When the quantity of a foreign currency cash outflow is unknown buy the currency forward
- c. When the quantity of a foreign currency cash flow is partially known and partially uncertain, use a forward contract to hedge the known and unknown portions
- d. When the quantity of a foreign currency cash inflow is known, buy the currency forward

48. When assessing economic exposure, financial managers should consider how variations in exchange rates influence _____

- a. A company's sales prospects in foreign markets
- b. The product market the factor market and the capital market
- c. The home currency value of financial assets and liabilities denominated in foreign
- d. The costs of labor and other inputs to be used in overseas production

49. Which of the following financial asset is traded in international financial market?

- a. Bonds
- b. Stocks
- c. derivatives
- d. all of the above

50. The segments of international financial market include

- 1. Foreign exchange market
- 2. International arbitrage market

3. International money market

4. International bond market

Select the correct answer

Codes

a. 1 4

b. 1 3 4

c. 2 3 4

d. 1 2 3 4

51. Global depository receipts are issued by successful corporations with a view to attracting

a. Overseas loan funds

c. foreign equity capital

b. Remittances from NRIs

d. foreign direct investments

52. The single European currency, the euro was adopted by 11 nations on 1st January _____

a. 1984

b. 1991

c. 1999

d. 2001

53. Monetary policy for the countries using the euro as a currency is now conducted by

a. The federal reserve

c. European central bank

b. The bundles bank

d. RBI

54. The euro zone is remarkably comparable to the United States in terms of

a. Population size

c. international trade share

b. GDP

d. all of the above

55. Which country is not using the euro?

a. Greece

b. Italy

c. Sweden

d. Portugal

56. An example of Euro currency is

a. A dollar deposit outside the US

b. A pound sterling deposit within UK

c. A mark deposit with Germany

d. All of the above

57. In which of the following stock exchanges, the GDRs are listed?

1. London stock exchange

2. New York stock exchange

3. Luxembourg stock exchange

4. Bombay stock exchange

5. Singapore stock exchange

6. Hong kong stock exchange

7. Karachi stock exchange

8. Pakistan stock exchange

Select the correct answer using the codes given below

a. 1 2 3

b. 1 4 6

c. 3 5 6

d. 1 3 5 6

e. 6 7 8

58. Once the change over to the euro was completed by 1st July 2002, the legal tender status of national currencies in the euro zone

a. Was cancelled leaving the euro as the sole legal tender in the euro zone countries

b. Was affirmed at the fixed exchange rate

c. Was tied to gold

d. None of the above

59. Benefits from adopting a common European currency include

1. Reduced transaction costs
2. Elimination of exchange rate risk
3. Increased price transparency that will promote Europe wide competition

Select the correct answer

- a. 2 b. 1 3 c. 2 3 d. 1 2 3

60. The issues in international capital budgeting include

1. Exchange rate risk
2. Political risk
3. Geographical risk
4. Parent vs project cash flow

Codes

- a. 1 2 b. 2 4 c. 1 2 4 d. 1 2 3

61. In multinational capital budgeting the value of project is determined by

- a. Discounted cash flow
- b. Net present value of future cash flow
- c. Net present value of present cash outflow
- d. Risk factor cash flow

62. Which technique is common used to estimate the cash flow in multinational capital budgeting?

- a. Net present value method
- b. Internal rate of return method
- c. Exchange rate value method
- d. Discounted future value method

Directions (Q 63 – 65) the following questions consists of two statements. Statement I and statement II. You have to examine these two statements carefully and select the correct answer to these by using the codes given below:

Codes:

- a. Both statements are true
- b. Both statements are false
- c. Only statement I is true
- d. Only statement II is false

63. Statement I A forward contract is an agreement between two entities to buy or sell the underlying asset, at a future date, at today's pre-agreed price.

Statement II Options trading is commodity take place in Indian commodity exchanges

64. Statement I Forward contracts are bilateral contracts and hence exposed to counter party risk.

Statement II A company that wants to sell an asset at particular time in the future can hedge by taking short futures position.

65. Statement I International financial market includes the market for forward, options and swaps

Statement II ADRS stand for Australian depository receipts

66. Match the following

List-I	List-II
a. Certificate of deposits	1. 91 days, 162 days and 364 days
b. Debentures	2. 3 to 5 months

c. Treasury bills	3. 1 to 270 days
d. Commercial papers	4. Longer periods that is n years

Codes

	A	B	C	D
a.	2	4	3	1
b.	2	4	1	3
c.	4	3	1	2
d.	3	4	2	1

ANSWER KEYS

1=A	2=A	3=B	4=A	5=B	6=C	7=C	8=C	9=B	10=D
11=D	12=D	13=D	14=C	15=D	16=C	17=D	18=C	19=B	20=A
21=B	22=C	23=A	24=B	25=C	26=B	27=D	28=C	29=D	30=C
31=C	32=B	33=A	34=A	35=D	36=B	37=D	38=D	39=A	40=B
41=C	42=B	43=D	44=B	45=A	46=D	47=A	48=A	49=D	50=D
51=A	52=C	53=C	54=A	55=C	56=A	57=D	58=A	59=D	60=C
61=B	62=A	63=C	64=A	65=A	66=B				

UNIT-8

STRATEGIC MANAGEMENT

1. Which of the following are among the five tasks of strategic management?

- a. Forming a strategic vision of what the organization's future business
- b. Setting objectives
- c. Deciding which objectives are high priority and which are low priority
- d. Crafting a strategy to achieve the desired outcomes
- e. Doing outside-in strategic thinking
- f. Implementing and executing the strategy
- g. Evaluating performance, reviewing new developments, and initiating corrective adjustments in the organization's vision, long-term direction objectives, strategy, and/or implementation

2. A strategic vision for a company

- a. involves how fast to pursue the chosen strategy and reach the targeted levels of performance.
- b. consists of thinking through what it will take to make the chosen strategy work as planned.
- c. consists of management's view of the kind of company it is trying to create and its intent to stake out a specific business position.
- d. is pretty much the same thing as a company's strategy.
- e. concerns management's view of the company's future business makeup and long-term direction.

3. The objectives that managers set

- a. should spell out how fast the strategy is to be implemented.
- b. should require organizational stretch and disciplined effort.
- c. should include both short-range and long-range performance targets.
- d. ought to put more emphasis on achieving short-run performance targets than on long-run performance targets.
- e. indicate the company's intent to stake out a particular business position.
- f. should include both financial and strategic performance targets.

4. A company's strategy

- a. is a combination of planned actions and on-the-spot adaptive reactions to fresh developing industry and competitive events.
- b. is a company's means of achieving its objectives.
- c. is developed primarily at the same time the company is formed and then evolves slowly thereafter.
- d. is aimed more at achieving strategic objectives than at achieving financial objectives.
- e. tends to change less often and more slowly than either its strategic vision or its performance targets.
- f. reflects managerial choices among alternatives and signals organizational commitment to particular products, markets, competitive approaches, and ways of operating.

5. Crafting strategy involves outside-in strategic thinking and entrepreneurship because

- a. company managers need to keep the strategy responsive to such outside drivers as changing buyer preferences, the latest actions and moves of rivals, market opportunities and threats, and newly appearing business conditions.
- b. managers can't keep company strategy responsive to chances in the business environment unless they exhibit entrepreneurship in studying market trends, listening to customers, figuring out ways to enhance the company activities in new directions in a timely manner.
- c. strategy is more adaptive and reactive than intended and planned.
- d. good entrepreneurship and astute analysis of the external business environment are keys to a conservative, risk-averse strategy.
- e. shrewd diagnosis of changing market conditions and changing customer preferences and requirements is one of the keys to keeping company strategies market-driven and customer-driven.

6. Company strategies evolve because

- a. it is a bad idea to do too much strategizing until a company has been in business long enough to know what strategies will work best.
- b. most managers like to develop the strategy in bits and pieces rather than all at once.
- c. even a well-planned-out-in-advance strategy must be adapted to shifting market conditions, the fresh actions of competitors, altered customer needs and preferences, emerging opportunities and threats, unforeseen events, and innovative thinking about how to improve the present strategy.
- d. many managers are conservative, preferring to be late-movers in responding new developments and avoiding the risks associated with developing a complete strategy too quickly.
- e. the longer a company is in business, the more likely it becomes that the original strategy will need to be fine-tuned or revised in significant ways or even overhauled entirely in order to keep the strategy in tune with changing circumstances.

7. A company's strategy consists of

- a. the game plan for out competing rivals.
- b. actions taken to capitalize on new opportunities.
- c. defensive moves to counter the actions of competitors and protect against external threats.
- d. actions to respond to changing industry conditions.
- e. creating a budget to steer resources into those organizational departments whose activities are crucial to market success.
- f. actions to strengthen its resource base and competitive capabilities.
- g. moves and approaches that define how the company manages R&D, manufacturing, marketing, finance, and other activities.

8. The task of formulating a strategic plan involves

- a. planning to create an organizational structure that will facilitate carrying out the chosen strategies.
- b. mapping out where the organization is headed.
- c. establishing objectives.
- d. deciding on a strategy.
- e. installing internal support systems that enable company personnel to carry out their strategic roles effectively on a daily basis.
- f. involves having a strategic planning staff or a special task force come up with the specifics and the details of what to do, while senior management either approves or disapproves what is recommended.

9. The managerial task of implementing strategy includes

- a. developing a strategic vision and business mission to guide how the strategy is to be communicated, implemented, and then executed on a daily basis.
- b. building an organization capable of carrying out the strategy successfully.
- c. exerting the internal leadership needed to drive implementations forward and to keep improving on how the strategy is being executed.

- d. creating strong "fits" between the way the organization does things internally to try to execute the strategy and what will take for the strategy to succeed.
- e. deciding how best to improve short-term and long-term profitability.

10. A company's long term direction, strategy, and approach to strategy implementation are never final because

- a. changes in the organization's internal or external situation fuel the need for strategic adjustments.
- b. it is always incumbent on management to push for better company performance -- to find ways to improve the existing strategy and how it is being executed.
- c. strategic planners sometimes change their minds about what kind of long-range strategy is best for the company to pursue.
- d. the company's board of directors and senior executives may prefer to experiment with several different strategies and implementation approaches to see which works best.
- e. ineffective strategic planning efforts seem to be the norm in so many companies.

11. The five task of strategic management

- a. are best performed by professional strategic planners skilled in the use of strategic analysis techniques.
- b. tend to be performed by the CEO in most companies.
- c. are primarily the responsibility of a company's board of directors.
- d. are best performed by senior executives, with the help and advice from strategic planners.
- e. tend to require the involvement of senior managers, middle managers, and lower-echelon managers -- all managers tend to have a role in the strategy-making, strategy-implementing process.

12. Delegating a strategy-making/strategy-implementing role to middle and lower-level managers

- a. is generally unwise because they lack the "big picture" knowledge to make sound strategic decisions.
- b. works best when they can seek counsel on an as-needed basis from a well-staffed strategic planning department.
- c. is rarely done in large companies because there are plenty of experienced senior-level managers to handle the strategic management function.
- d. is normal in many companies because the more geographically scattered and diversified an organization's operations are, the more unwieldy it becomes for senior executives to craft and implement all the necessary actions and programs.
- e. is managerially complex because it is hard, if not impossible, to fix accountability for strategic success or failure.

13. The strategic role of a company's board of directors involves

- a. taking lead responsibility for deciding what the company's long-term direction should be and for crafting a strategy.
- b. reviewing important strategic moves and officially approving the strategic plans submitted by senior management.
- c. working closely with senior strategic planners and senior executives to develop consensus on a long-term direction for the company and a long-range strategic plan.
- d. evaluating the caliber of senior executives' strategy-making and strategy-implementing skills.
- e. being an active participant in the first three tasks of strategic management and taking a pretty-much hands-off approach on the other two tasks.

14. The role and tasks of strategic planners and strategic planning departments in the strategic management process should consist of

- a. helping to gather and organize information that strategy-makers need.

- b. doing most of the strategic analysis for line managers and helping free line managers of the tedium of thinking strategically.
- c. taking lead responsibility for strategy-making and allowing line managers to have lead responsibility for strategy implementation (so as to better fix responsibility for results).
- d. working closely with key managers to prepare a sound strategic plan to submit to the board of directors for final approval.
- e. working closely with key managers to prepare a sound strategic plan to submit to the board of directors for final approval.

15. The advantages of first-rate strategic thinking and conscious management of the strategy-making, strategy-implementing process include

- a. helping to unify the numerous strategy-related decisions made by managers across the organization.
- b. creating a more proactive management posture and counteracting tendencies for decisions to be reactive and defensive.
- c. decreased risk of a failed strategic vision.
- d. greater ability to out-innovate and out-maneuver rivals, thereby winning a sustainable competitive advantage.
- e. raising managers' consciousness regarding the winds of market change, new opportunities, and threatening developments.

ANSWERS:

- 1. a, b, d, f, g
- 2. c, e
- 3. b, c, f
- 4. a, b, f
- 5. a, b, e
- 6. c, e
- 7. a, b, c, d, f, g
- 8. b, c, d
- 9. b, c, d
- 10. a, b
- 11. e
- 12. d
- 13. b, d
- 14. a, e
- 15. a, b, e

16. The origins of Business Policy & Strategic Management can be retraced to

- a. 1930
- b. 1911
- c. 1879
- d. 1938

Answer: b

17. BCG in BCG matrix stands for

- a. Boston Calmette Group
- b. British Consulting Group
- c. Boston Corporate Group
- d. Boston Consulting Group

Answer: d

18. Which of the following is not part of the micro environment?

- a. Technology
- b. Shareholders
- c. Competitors
- d. Publics

Answer: a

19. Which of the following is not a part the Macro Environment?

- a. Laws & Policies
- b. Demographics
- c. Suppliers
- d. Social Values

Answer: c

20. Cultural values would be part of which of the following factor in macro environment?

- a. Demographic
- b. Social
- c. Ecological
- d. Natural

Answer: b

21. What does Dog symbolize in BCG matrix?

- a. Introduction
- b. Growth
- c. Maturity
- d. Decline

Answer: d

22. What does Stars symbolize in BCG matrix?

- a. Introduction
- b. Growth
- c. Maturity
- d. Decline

Answer: b

23. What does Question Mark (?) symbolize in BCG matrix?

- a. Remain Diverse
- b. Invest
- c. Stable
- d. Liquidate

Answer: a

24. What do Cash Cows symbolize in BCG matrix?

- a. Remain Diverse
- b. Invest
- c. Stable
- d. Liquidate

Answer: c

25. What does Green symbolize in BCG matrix?

- a. Invest & Expand
- b. Select & Earn
- c. Harvest & Divest
- d. Both a & b

Answer: a

26. What does Yellow symbolize in BCG matrix?

- a. Invest & Expand
- b. Harvest & Divest
- c. Select & Earn
- d. Both a & b

Answer: c

27. What does Red symbolize in BCG matrix?

- a. Invest & Expand
- b. Harvest and Earn
- c. Harvest & Divest
- d. Select & Earn

Answer: c

28. The GE 9 cell model is based on

- a. Industry attractiveness & Business Strength
- b. Industry Growth rate & Business strength

c. Industry Attractiveness & Relative market share

d. Industry Growth & Relative market share

Answer: a

29. The BCG Matrix is based on

a. Industry attractiveness & Business Strength

b. Industry Growth rate & Business strength

c. Industry Attractiveness & Relative market share

d. Industry Growth rate & Relative market share

Answer: d

30. In strategic thinking, how long is the long term, approximately?

a. 1 Month to 1 year

b. 2 to 3 years

c. 3 to 5 years

d. More than 5 years

Answer: d

31. Low cost, Differentiation and Focus are examples of _____

a. Corporate strategies

b. Operational Strategies

c. Business Strategies

d. Functional Strategies

Answer: c

32. The word tactic is most likely to be associated with:

a. Business Strategy

b. Corporate strategy

c. Operational Strategy

d. All of the above

Answer: c

33. In BCG matrix, what is the label of the horizontal axis?

a. Relative Market share

b. Business Strength

c. Industry Growth Rate

d. Market Growth Rate

Answer: a

34. In BCG Matrix, what is the label of the Vertical axis?

a. Relative Market share

b. Business Strength

c. Industry Growth Rate

d. Market Growth Rate

Answer: c

35. In GE 9 cell matrix, what is the label of the horizontal axis?

a. Relative Market share

b. Industry Attractiveness

c. Industry Growth Rate

d. Market Growth Rate

Answer: b

36. Another name for GE 9 cell model is

a. Three colour matrix

b. Stop light matrix

c. Strategic Portfolio Matrix

d. Colour light matrix

Answer: b

37. Which of these is not a reason why some firms do no strategic planning?

a. Laziness

b. Competitive leadership

c. Honest difference of opinion

d. Poor reward structures

38. Developing a vision and mission, identifying an organization's external opportunities and threats, and determining internal strengths and weaknesses are all _____ activities.

a. strategy-formulation

b. strategy-implementation

c. long-range planning

d. short-range planning

39. The means by which long-term objectives will be achieved are

- a. mission statements
- b. strategies.**
- c. vision statements.
- d. long-term goals.

40. The _____ answers the question "What do we want to become?" whereas _____ answers the question "What is our business?"

- a. vision statement; mission statement**
- b. short-term objectives; long-term objectives
- c. objectives; strategies
- d. mission; vision

41. What is the recommended length of an effective mission statement?

- a. One page
- b. Less than 200 words
- c. One sentence of 10 to 20 words.
- d. There is no recommendation. It can be as long as the management wants.**

42. _____ represents the average score in both EFE and CPM.

- a. 2.0
- b. 3.0
- c. 2.5**
- d. 4.0

43. All of these, except _____, are part of Porter's competitive forces in industry analysis.
Strategic Management

- a. potential entry of new competitors
- b. bargaining power of suppliers
- c. development of substitute products
- d. bargaining power of union**

44. _____ is based on the assumption that the future will be just like the past.

- a. Delphi forecasts
- b. Econometric models
- c. Linear regression**
- d. Scenario forecasts

45. Shorthand words use to capture a vision or to reinforce old or new values in a firm's culture are called

- a. Metaphors**
- b. Sagas
- c. Rituals
- d. Symbols

46. In an IFE Matrix, the weight range is from _____ and the ratings range from _____.

- a. to 1.0; 1.0 to 4.0**
- b. to 1.0; 0.0 to 4.0
- c. to 3.0; 1.0 to 2.0
- d. to 4.0; 0.0 to 1.0

47. An effective information system collects, codes, stores, synthesizes, and _____ information in such a manner that it answers important operating and strategic questions.

- a. Prints
- b. Distributes
- c. Presents**
- d. Filters

48. _____ is adding new, unrelated products or services for present customers.

- a. Concentric diversification
- b. Horizontal diversification**
- c. Conglomerate diversification
- d. Product development

49. Two reasons for mergers and acquisitions are

- a. to increase managerial staff and to minimize economies of scale.
- b. to reduce tax obligations and increase managerial staff.
- c. to create seasonal trends in sales and to make better use of a new sales force.
- d. to provide improved capacity utilization and to gain new technology.**

50. Which strategy would be effective when the new products have a counter cyclical sales pattern compared to an organization's present products?

- a. Forward integration
c. Horizontal diversification

- b. Retrenchment
d. Market penetration

51. A coordinate of _____ in the SPACE Matrix is a defensive profile.

- a. +1, +1
c. +5, -1
b. -4, -2
d. -2, +3

52. The first option that should be considered for firms in Quadrant II of the Grand Strategy Matrix is the _____ strategy.

- a. integration
c. defensive
b. intensive
d. diversification

53. The pie slices within the circles of a _____ reveal the percent of corporate profits contributed by each division.

- a. QSPM
c. SPACE Matrix
b. BCG Matrix
d. Grand Strategy Matrix

54. All of the following are stated advantages of a divisional structure except

- a. it allows local control of local situations.
b. it leads to a competitive climate within a firm.
c. accountability is clear.
d. it promotes specialization of labor.

55. The average employee performance bonus is _____ percent of pay for individual performance, _____ percent of pay for group productivity, and _____ percent of pay for company-wide profitability.

- a. 10.5; 5.5; 2.8
c. 10.8; 8.5; 12.4
b. 6.8; 5.5; 6.4
d. 15.4; 12.4; 10.4

56. _____ approach involves delivering parts and materials as needed rather than being stockpiled

- a. JIT
c. PERT
b. MBO
d. CAD-CAM

57. The three stages of strategic management are

- a. strategy formulation, strategy implementation, and strategy execution.
b. strategy formulation, strategy execution, and strategy assessment.
c. strategy formulation, strategy implementation, and strategy evaluation.
d. stratify assessment, strategy execution, and strategy evaluation.

58. Job titles that refer to strategists include which of the following?

- a. External audit
b. Owner, entrepreneur, executive director, and accountant
c. Chief executive officer, salesman, dean, and lawyer
d. Owner, dean, president, and executive director

59. Relative deficiency or superiority is important information in performing which activity?

- a. External audit
c. Internal audit
b. Allocating resources
d. Evaluating strategies

60. How often should strategic-management activities be performed?

- a. Annually
c. Monthly
b. Quarterly
d. Continuously

61. Who is most responsible for developing, communicating, and enforcing the code of business ethics for a firm?

- a. Strategists**
c. Staff managers
- b. Line managers**
d. All managers

62. Strategy-implementation activities include

- a. conducting research.
b. measuring performance.
c. preparing a TOWS matrix.
d. establishing annual objectives.

63. In a large organization, strategic management activities occur at what level(s)?

- a. Corporate and divisional only**
c. Strategic business unit only
- b. Divisional**
d. Functional, divisional, and corporate

64. Conducting research, integrating intuition with analysis, and making decisions are all _____ activities.

- a. strategy-formulation**
c. long-range planning
- b. strategy-implementation**
d. short-range planning

65. Which of these questions is addressed by a mission statement?

- a. What do we want to become?
c. How many employees must we have?

66. Internal strengths and weaknesses are usually

- a. the major cause of organizational demise or success.
- b. controllable activities within an organization.**
- c. most important for CEOs and the board of directors.
- d. not as important as external opportunities and threats.

67. An organization's strengths and weaknesses are determined relative to

- a. its strategic business units.
c. competitors

68. _____ are the means by which long-term objectives will be achieved

- a. Mission statements**
c. Vision statements

69. Strategic management allows an organization to be more

- a. complacent
c. authoritarian
- b. proactive
d. reactive

70. _____ may be the most important benefit of strategic management.

- a. Profit
c. Understanding

71. _____ is one of the reasons for poor or no strategic planning in organizations.

- a. Prior good experience
- b. Fear of success
- c. Low expense
- d. Self-interest

72. Matching of internal resources against external demands forms part of:

- a. strategic objectives.
- b. strategic definition.
- c. strategic implementation.
- d. strategic analysis.
- e. none of the above.

73. Auditing the existing applications portfolio is part of:

- a. strategic analysis.
c. strategic implementation.
e. none of the above.

- b. strategic definition.
d. strategic objectives.

74. Strategic option selection forms part of:

- a. strategic analysis.
b. strategic objectives.
c. strategic definition.
d. strategic implementation.
e. none of the above.

75. An example of a metric from the process component of the balanced scorecard is:

- a. procurement lead times.
b. customer satisfaction index.
c. margin.
d. training hours per employee.
e. none of the above.

76. For an existing organization, typical stages of e-commerce development are:

- a. image and product information, customer support, transactions, information collection.
b. information collection, image and product information, customer support, transactions.
c. transactions, image and product information, information collection, customer support.
d. image and product information, information collection, customer support, transactions.
e. none of the above.

77. The most appropriate order to conduct these planning activities is:

- a. situation analysis, strategy, objective setting, tactics.
b. situation analysis, objective setting, tactics, strategy.
c. situation analysis, objective setting, strategy, tactics.
d. situation analysis, objective setting, tactics, strategy.
e. none of the above.

78. The emergent approach to strategy entails:

- a. largely sequential development of strategy analysis and development.
b. an interrelated development of strategy analysis and development.
c. an unrelated development of strategy analysis and development.
d. both the first and third answer above.
e. none of the above.

79. A buy-side supplier threat of e-commerce is:

- a. drives down cost of commoditized products.
b. reduction in customer loyalty.
c. less flexibility in switching procurement.
d. increase in cost of supplies.
e. none of the above.

80. Developing new digital products is:

- a. a product development strategy.
b. a market development strategy.
c. a market penetration strategy.
d. both the first and third answers above.
e. none of the above.

81. The online revenue contribution indicates:

- a. the proportion of online sales in a market.
b. the actual audience of a website.
c. the number of visitors a site receives.
d. the potential audience of a website.
e. none of the above.

82. The term 'corporate strategy' concerns strategy and strategic decisions:

- A) In certain types of organisations.
B) At all levels in an organisation.
C) Developed by the senior management in an organisation.

D) In the private sector only.

83. A key characteristic of strategic decisions is:

- A) They are likely to be concerned with, or affect, the long-term direction of an organisation.
- B) They are normally definite decisions about the future of the organisation.
- C) They identify specific areas of strategic interest for the management of an organisation.
- D) They result in better organisational performance..

84. Strategic fit means:

- A) Creating opportunities by building on resources and competences.
- B) Having a balanced portfolio which meets customer requirements.
- C) Tailoring strategies to address forces in the business environment.
- D) Meeting the expectations of stakeholders.

85. The purpose of strategy is to provide:

- A) The strategic direction for an organisation in the foreseeable future.
- B) Direction and scope of an organisation over the long-term, which achieves advantage for an organisation within a changing environment to meet the needs of markets.
- C) Direction and scope of an organisation over the long-term, which achieves advantage in a changing environment through its configuration of resources and competences with the aim of fulfilling stakeholder expectations.
- D) A set of standards which all employees in an organisation should strive to attain.

86. It is possible to identify different levels of strategy in an organisation, these are:

- A) Corporate; strategic business unit; operational.
- B) Corporate and functional.
- C) Strategic and tactical.
- D) Corporate and business unit.

87. An organisation's mission can be defined as:

- A) The overriding purpose in line with the values or expectations of stakeholders.
- B) The overriding purpose regardless of the values or expectations of stakeholders.
- C) The organisation's business plan.
- D) The desired future state of the organisation.

88. The purpose of analysing an organisation's strategic position is:

- A) To understand the operational and corporate requirements of an organisation.
- B) To understand the strategic position of the organisation in terms of its strategic capability and the expectations and purposes of stakeholders.
- C) To understand the strategic position of the organisation in terms of its external environment, the strategic capability of the organisation and the expectations and purposes of stakeholders.
- D) To evaluate the resources necessary to translate strategy into action.

89. Strategic choices require an understanding of:

- A) the underlying bases for future strategy at business unit and corporate levels; the options for developing strategy in terms of directions and methods of development.
- B) the business environment, the competition and the strategic capability of the organisation.
- C) The key drivers of change.
- D) The organisational strengths and weaknesses.

90. Strategy in a public sector organisation differs from a private sector company because:

A) Planning horizons are determined by political considerations, rather than market conditions.

B) They do not have customers.

C) They do not have to make a profit.

D) They do not have stakeholders.

91. Strategic drift, where strategies progressively fail to address the strategic position of the organisation, is frequently followed by:

A) Transformational change.

B) Demise.

C) Transformational change or demise.

D) A change of CEO.

92. A design view of strategy refers to:

A) The systematic, rational way in which strategy is always developed in organisations.

B) The pulling together of ideas that develop from different parts of the organisation.

C) Pulling together the different decisions made throughout an organisation so as to develop a coherent overall strategy.

D) The deliberate positioning of the organisation through a rational, analytic, structured and directive process.

93. The experience lens suggests that strategies develop.

A) Through the individual experience of a few top managers or strategic planners.

B) Through the shared assumptions in the organisation often thought of as the organisational culture.

C) Through the shared assumptions across similar sorts of organisations within an industry (or organisational field).

D) All of the above.

94. The ideas lens suggests that ideas for new strategies develop as a result of:

A) The ideas of top managers and strategic planners.

B) The variety and diversity of ideas competing with each other within an organisation.

C) A fast changing and often unpredictable environment requiring new responses from organisation.

D) B and C above.

95. The ideas lens suggest that new strategies take shape in organisations:

A) Because the new ideas that develop from within the organisation are selected by formal evaluation through strategic planning systems.

B) Because new ideas are tried out in the market and either succeed or don't.

C) Because there are sufficient people in the organisation that find a new strategy attractive.

D) All of the above.

96. Which of the following statements describes how the design, experience and ideas lenses help explain strategy development processes?

A) Strategic planning processes are explained through the design lens. The experience lens and ideas lens are not relevant.

B) The way in which organisational politics contributes to strategy development is explained through the experience lens.

C) Logical incrementalism is best understood in terms of the ideas lens.

D) All three lenses help explain different strategy development processes that are observable in organisations.

97. Which of the following is not a limitation of SWOT (Strengths, Weaknesses, Opportunity, Threats) analysis?

A) Organizational strengths may not lead to competitive advantage

C) Corporate governance.

D) The organisational mission.

107. The governance framework determines:

A) Whom the organisation is there to serve.

B) Whom the organisation is there to serve and how the purposes and priorities of the organisation should be decided.

C) The legal framework for the administration of the organisation.

D) The regulatory framework in which the organisation operates.

108. The main purpose of corporate governance is:

A) To separate ownership and management control of organisations.

B) To maximise shareholder value.

C) To separate ownership and management control of organisations and to make organisations more visibly accountable to a wider range of stakeholders.

D) To ensure that regulatory frameworks are adhered to.

109. The two-tier board of an organisation is particularly useful:

A) In ensuring that there is a counterbalance to the power of managers.

B) For managers to assert their power.

C) In improving operational efficiency.

D) In ensuring that employees can determine strategies for the organisation.

110. The desire for more accountability of public sector organisations has resulted in:

A) Pressure on all public sector organisations to be operated on a profit making basis.

B) Public sector managers to become more professional.

C) Public sector organisations to develop plans for their strategic development.

D) An increased proportion of independent members on governing bodies.

111. Stakeholders are the individuals or groups who:

A) Depend on the organisation to fulfill their own goals and on whom the organisation depend.

B) Are shareholders in key competitors.

C) Dominate the strategy development process in an organisation.

D) Determine operational issues.

112. Which of the following period strategic management was considered to be cure for all problems?

Select correct option:

A. Mid 1950s to mid 1960s

B. Mid 1960s to mid 1970s

C. Mid 1970s to mid 1980s

D. Mid 1980s to mid 1990s

113. Internal analysis involves gathering and analyzing the information about all areas of a firm EXPECT:

A. Research and development

B. Management information system

C. Marketing

D. Competitors

114. "A desired future state that the organization attempts to realize". Identify the term relevant to the given statement.

A. Goal

B. Strategy

C. Policy

D. Procedure

115. Horizontal integration is concerned with

(A) Production

(B) Quality

(C) Product planning

(D) All of the above

116. It refers to formal and informal rules, regulations and procedures that complement the company structure

- (A) Strategy
(B) Systems
(C) Environment
(D) All of the above

117. Micro environment is the environment of a company.

- (A) Working
(B) Human
(C) External
(D) Internal

118. Techniques used in environmental appraisal are

- (A) single-variable extrapolation/multivariable interaction analysis
(B) Structured/ unstructured expert/inexpert opinion
(C) Dynamic modes and mapping
(D) All of the above

119. Match The Following

- | | |
|------------------------|---|
| a. Ballast business | 1. Give the highest priority |
| b. Gap analysis | 2. Difference between desired and projected performance |
| c. Corporate parenting | 3. Managing SBU's by a corporate |
| d. Heartland business | 4. Fit well but low opportunities |
- The correct answer is

- (A) a-1, b-3, c-2, d-4
(B) a-2, b-1, c-4, d-3
(C) a-4, b-2, c-3, d-1
(D) a-2, b-3, c-4, d-1

120. It enables the strategists to take corrective action at the right time

- (A) Implementation control
(B) Special alert control
(C) Strategic Surveillance control
(D) Premise control

121. Like roots of a tree, _____ of organization is hidden from direct view.

- (A) Performance
(B) Strategy
(C) Core competence
(D) All of the above

122. Changes in company also necessitates changes in the systems in various degrees

- (A) structure
(B) system
(C) strategy
(D) turnover

123. The actual performance deviates positively over the budgeted performance. This is an indication of performance.

- (A) superior
(B) inferior
(C) constant
(D) any of the above

124. Criteria for making an evaluation is (are)

- (A) Consistency with goals
(B) Consistency with environment
(C) Money
(D) All of the above

125. The of any organization is "the aggregate of all conditions, events and influences that surround and affect it."

- (A) system
(B) environment
(C) structure
(D) strategy

126. Strategic management is mainly the responsibility of

- (A) Lower management
(B) Middle management

(C) Top management**(D) All of the above**

127. The major issue(s) of appraisal system is (are)

(A) Factors of appraisal**(B) Relevance of appraisal****(C) Procedure of appraisal****(D) All of the above**

128. They have time based utility

(A) Goals**(B) Resources****(C) both 'A' and 'B'****(D) None of the above**

129. Formal systems are adopted to bring _____ & amalgamation of decentralized units into product groups.

(A) Manpower**(B) Co-ordination****(C) Production****(D) All of the above**

PRACTICE SETS

1. Which of the following is incorrect about mission statement?

a. it should be clear, concise and accurate.

b. it should reflect the organisational intent and must be inspiring for all the stakeholders.

c. it should be feasible and attainable

d. it must be ambiguous

2. Which of the following is a plan or blueprint that helps the organization to achieve its long term goals and mission?

a. objectives

b. plan

c. policy

d. strategy

3. which of the following are the rules and regulations laid down by the organization to help in the day to day working of the organization.

a. objectives

b. plan

c. policy

d. strategy

4. which of the following is a broad primary outcome or the end result in long term?

a. objectives

b. plan

c. policy

d. goal

5. which of the following basically chalks the roadmap of the future of an organization?

a. objectives

b. mission statement

c. vision statement

d. aims

6. which of the following are the goals that are to be achieved over a small period of time and can be attained only if attempts are made in a particular direction?

a. objectives

b. missions

c. policies

d. procedures

7. How many steps are involved in a strategic management process?

a. three

b. five

c. seven

d. four

8. which of the following is correct for environmental scanning.

a. it involves studying, collecting and analyzing the information from the business environment.

b. the internal and external environment are thoroughly studied in order to contemplate the information related to competitors, customers and consumers.

- c. it helps to understand strength and weaknesses
d. all are correct

9. which of the following is not a part of the internal environment?

- a. employees
b. line manager
c. staff manager
d. social environment

10. which of the following is not a step in strategy formation?

- a. establishing organisational objectives
b. evaluating organisational environment
c. setting quantitative targets
d. environmental scanning

11. which of the following step involves translation or the practical application of chosen strategy into actions in order to achieve the objectives and goals of organization?

- a. environmental scanning
b. strategy formulation
c. strategy evaluation
d. strategy implementation

12. Which of the following is not a part of strategic evaluation?

- a. fixed benchmark of performance
b. measurement of performance
c. analyzing variance
d. choice of strategy

13. which of the following are short term decisions that are taken on a daily basis keeping in mind the needs and welfare of the employees?

- a. administrative decisions
b. operational decisions
c. strategic decisions
d. policy decisions

14. which of the following decisions are complex, involve a lot of risk and are formulated by the top management?

- a. administrative decisions
b. operational decisions
c. strategic decisions
d. policy decisions

15. what does 'P' stand for PESTEL?

- a. public
b. privatization
c. private
d. political

16. which of the component of PESTEL analysis include population growth, age distribution and health consciousness?

- a. political
b. legal
c. social
d. technological

17. in which of the following cases, is threat of entry not high?

- a. initial capital investment is more
b. no patents, trademarks and copyright law exists
c. no government legislation and customer loyalty are existing
d. economies of scale

18. which of the following is a tool that is used to study the market in term of the intensity of competition by analyzing major competitive factors?

- a. PESTEL
b. Porter's five forces model
c. SWOT analysis
d. RBV

19. which of the following is a major competitive force according to Porter's model?

- a. threat of substitute
b. bargaining power of suppliers
c. bargaining power of buyers
d. all of the above

20. which of the following is not the feature of a highly competitive industry?

- a. low barriers to the entry
b. weak supplier and buyer bargaining power
c. low competition
d. fewer substitutes of the existing products

21. under resource based view, resources are classified into how many types?

- a. three** **b. four** **c. two** **d. seven**

22. what does VRIO framework stand for?

- a. Value, Rarity, Imitability, organization b. Virtual, Rarity, imitability, organization
c. value, reliable, imitability, organization d. valuable, real, immobile, organization

23. who among the following gave value chain analysis?

- a. Sigmund Feud**
c. Philip Kottler
- b. Michael Porter**
d. Brain Adams

24. which of the following is not a primary activity?

- a. Inbound logistics
b. operations
c. marketing and sale
d. human resource management

25. which of the following is not a support activity?

- a. procurement
b. technology development
c. firm infrastructure
d. outbound logistics

26. which of the following forms a component of external analysis of SWOT analysis?

- a. opportunity and weakness
b. weakness and threat
c. strength and opportunity
d. opportunity and threat

27. which of the following forms a component of internal analysis of SWOT analysis?

- a. opportunity and weakness
b. weakness and threat
c. strength and weakness
d. opportunity and threat

28. which of the following can be covered into an opportunity?

- a. strength
b. weakness
c. threat
d. plan

29. which of the following is temporary strength that requires a firm to proceed slowly and cautiously with any particular strategy?

- a. divestment strategy
b. no change strategy
c. profit strategy
d. caution strategy

30. Under which of the following the organization decides to focus on a single or selected business unit?

- a. expansion through concentration b. expansion through diversification
c. expansion through integration d. expansion through cooperation

31. which of the following involves developing a new proposition related to existing value proposition?

- a. concentric diversification
- b. conglomerate diversification
- c. vertical integration
- d. horizontal integration

32. Which of the following strategies has to be done to prevent losses that a firm has to face?

- a. turnaround strategy
b. divestment strategy
c. liquidation
d. conglomerate diversification

33. which of the following strategies main purpose is to increase profits?
a. turnaround strategy b. divestment strategy
c. liquidation d. conglomerate diversification
34. which of the following involves consolidation of operational units to provide economies of scale and greater efficiencies?
a. expansion through concentration b. expansion through diversification
c. expansion through integration d. expansion through cooperation
35. who among the following designed BCG product portfolio matrix?
a. Philip Kotler b. Sigmund Freud
c. Michael Porter d. Bruce D Henderson
36. Which of the following is not a part of BCG matrix?
a. cash crow b. star
c. question mark d. cash cow
37. Which of the following are market leaders in a high-growth market?
a. dog b. star
c. question mark d. cash cow
38. Which of the following are Organisations with weak market share in low-growth markets?
a. Dog b. star
c. question mark d. cash cow
39. which of the following are risky investment decisions for the organization?
a. dog b. star
c. question mark d. cash cow
40. which of the following is correct in GE matrix?
a. eight b. nine
c. seven d. ten
41. which of the following is correct for harvest in GE matrix?
a. It is the time to sell-off or liquidate the business
b. there doesn't exist much potential for the given business
c. the product will attract investments
d. the product will generate high profits
42. How many categories are present in Ansoff Matrix?
a. three b. four c. seven d. ten
43. in the Ansoff matrix, which of the following includes product repositioning, promoting and branding?
a. market penetration b. market development
c. product development d. business diversification
44. In the Ansoff Matrix, under which of the following firms can create new distribution channels, cross geographical boundaries and create new market segments?
a. market penetration b. market development
c. product development d. business diversification

45. In the Ansoff Matrix, under which of the following the focus is on new markets and new products?
- Market penetration
 - Market Development
 - Product Development
 - Business diversification
46. How many elements are there in the McKinsey Framework?
- 7
 - 8
 - 9
 - 10
47. Which of the following are hard areas in the McKinsey 7S Framework?
- skills
 - strategy
 - staff
 - style
48. Which of the following are the processes and daily activities undertaken by people who work in the organization?
- style
 - staff
 - structure
 - system
49. Which of the following involves division and distribution of people into teams and groups and aligning them with the available resources?
- style
 - staff
 - structure
 - system
50. which of the following is incorrect for McKinsey 7S Matrix?
- it guides the organization to understand the way it can achieve the goals
 - hard areas are easy for management to influence and change
 - soft areas are influenced by the culture of the organization
 - none of the above
51. which of the following determines industry attractiveness?
- level of competition
 - industry size
 - demand variability
 - all of these
52. which of the following determines competitive strength?
- total market share
 - customer loyalty
 - management strength
 - all of these
53. which of the following are soft areas in the McKinsey 7S Framework?
- strategy
 - style
 - structure
 - system
54. Mergers and acquisitions, strategic alliance and joint ventures fall under expansion through?
- concentration
 - diversification
 - cooperation
 - internationalization
55. Market growth share lies on the vertical axis and Relative market share are a part of _____
- GE Matrix
 - BCG Matrix
 - Ansoff Product matrix
 - McKinsey 7S Framework
56. _____ are the informal rules of the organization and includes the culture of the organization
- style
 - system
 - staff
 - skill
57. In _____ the focus is on venturing into new market with the existing products.
- market development
 - market penetration
 - product development
 - business diversification

58. organization needs to think extremely hard about investing funds in business in ____.

- a. question mark** **b. star**
c. dog **d. cash cow**

59. which of the following is the first step in McKinsey 7S Framework?

- understanding the current situation
- determining the desired situation
- determining the action plan to reach the desired situation
- execute the action plan

60. which of the following statement is true?

Statement I: Strategic intent focuses on the purpose of existence of the organization in the market.

Statement II: Vision statement lays down the framework for the formation of strategies and broad scope of the activities of the organization.

Statement III: Goals need to be precise, realistic and measurable that can be achieved in a specific time.

- a. both I and III
b. both II and III
c. both I and II
d. I, II and III

61. Which of the following statement is true?

Statement I: Setting benchmarks is important for strategy evaluation.

Statement II: Strategic decisions are production related decisions that are taken in accordance with the production.

Statement III: Porter's five force model helps to gauge the level of competition existing in the industry.

- a. both I and III
b. both II and III
c. both I and II
d. I, II and III

62. Which of the following statement is true?

Statement I: Brand reputation, trademarks and intellectual property and tangible resources.

Statement II: Brand equity, processes knowledge or intellectual property are mobile resources.

Statement III: The resource must be rare in terms of their availability with the firms.

- a. both I and III**
c. only II
- b. both II and III**
d. only III

63. which of the following statement is true?

Statement I: Operation includes the steps to convert a raw material to the final product.

Statement II: Service is the most important step to provide value addition to the product.

Statement III: Procurement and technology development are support activities.

- a. both I and III
b. both II and III
c. both I and II
d. I, II and III

64. The following two statements are related industry attractiveness. Choose the given statements being correct or incorrect.

Statement I More profitable industry is, the less attractive it becomes.

Statement II: It indicates the material competitive advantage that the SBU possesses over the other units.

- a. statement I is correct, but statement II is incorrect
b. statement II is correct, but statement I is correct
c. both statements are correct
d. both statements are incorrect

65. The following two statements are related to market development in Ansoff Matrix. Choose the correct of statements being correct or incorrect.

Statement I: The firm can create new distribution channels, cross geographical boundaries and create new market segments.

Statement II: The focus is on venturing into new market with the existing products.

- statement I is correct but statement II is incorrect
- statement II is correct, but statement I is correct
- both statements are correct
- both statements are incorrect

ANSWER Keys'

1=D	2=D	3=C	4=D	5=C	6=A	7=D	8=D	9=D	10=D
11=D	12=D	13=a	14=c	15=d	16=c	17=a	18=b	19=d	20=a
21=c	22=a	23=b	24=d	25=d	26=d	27=c	28=c	29=d	30=a
31=a	32=b	33=a	34=c	35=d	36=a	37=b	38=a	39=c	40=b
41=a	42=b	43=a	44=b	45=d	46=a	47=b	48=d	49=c	50=d
51=d	52=d	53=b	54=c	55=b	56=a	57=a	58=a	59=a	60=a
61=d	62=d	63=d	64=a	65=d					

PREVIOUS YEAR QUESTIONS'

1. Match the items of List I with the items of List II and choose the correct answer from the code given below. These items relate to BCG matrix.

List-I	List-II
a. Dogs	1. Have excess resources that can be spun off to those products that need it.
b. Question marks	2. Require a heavy resource investment to fuel their rapid growth.
c. Cash Cows	3. should be phased out unless they are needed to complement the sales of another product or for competitive reasons.
d. starts	d. require significant resources to maintain and potentially increase their market share.

Codes

	A	B	C	D
a.	3	1	4	2
b.	4	3	1	2
c.	3	4	1	2
d.	2	4	3	1

2. Match the items of List II with List I and select the correct code

List-I	List-II
a. mission	1. aspiration expressed as strategic intent
b. Vision	2. Activities needed to accomplish plan
c. Objectives	3. Accomplishing results at certain time
d. Programs	4. Reason for existence

Codes

	A	B	C	D
a.	4	1	3	2
b.	2	3	1	4
c.	3	4	2	1
d.	4	3	1	2

3. A concept given for diversified corporations which advocated

- a. what businesses should a diversified corporation own and why
- b. what organisational structure, management processes and philosophy will foster superior performance from the corporations individual business units, is known as
- a. corporate portfolio analysis b. strategic alternative analysis
- c. corporate parenting analysis d. SBU analysis

4. A company in packaged tea business provides special service to its institutional buyers, apart from its consumer sales through market intermediaries, in order to encourage bulk buying and thus improving marketing efficiency, is an example of

- a. no change strategy b. profit strategy
- c. stability strategy d. pause/ proceed with caution strategy

5. Which among the following are 5 Ps of strategy as identified by Mintzberg?

- 1. Plan 2. Problem 3. Pattern
- 4. Position 5. Ploy 6. Perspective

Codes

- a. 1, 2, 3, 4, b. 1, 2, 3, c. 1, 2 d. 1, 2, 3, 4 5

6. Which of the following statement is not correct about strategic management?

- a. it involves formation and implementations of minor goals
- b. it involves initiatives taken by the top management
- c. it is based on consideration of resources
- d. it includes assessment of internal and external environment of organization

7. Assertion A firms relative position within its industry determines whether the firms overall profitability is above or below the industry average.

Reason The fundamental basis of average profitability in the long run is sustainable competitive advantage.

Codes:

- a. A and R both are correct and R is the right explanation of A
- b. A and R both are correct but R is not the right explanation of A
- c. A is correct but R is incorrect
- d. R is correct but A is incorrect

8. Statement I: A 'Star' is the market leader in a high growth market; and it has sufficient cash to support other businesses.

Statement II 'Dogs have weak market share in high growth market.

Codes.

- a. statement I is correct but Statement II is incorrect.
- b. statement II is correct but statement I is correct.
- c. both statements are correct
- d. both statements are incorrect

9. Which among the following is not a generic strategy?

- a. unity strategy b. cost leadership strategy
- c. differentiation strategy d. Niche strategy

10. Consider the following statements and identify the correct code of true statements.

1. When an organization survival is threatened and it is not competing effectively, retrenchment strategies are often needed.
2. turnaround strategy is used when an organization is performing well but has not yet reached a critical stage.
3. Divestment strategy involves selling the business or setting it up as a separate corporation.
4. Liquidation strategy involves closure of business which is no longer profitable.

Codes:

- | | |
|---------------------------|-----------------------------|
| a. 1, 2 and 3 are correct | b. 2, 3 and 4 are correct |
| c. 1, 3 and 4 are correct | d. both 1 and 4 are correct |

11. Statement I. Most Businesses start-off as 'Question Marks' in that they enter a high growth market in which there is already a market leader.

Statement II A star is the market leader in a high growth market, but it does not necessarily provide much cash.

Codes

- a. statement I is correct but statement II is incorrect
- b. statement II is correct but statement I is correct
- c. both statements are incorrect
- d. both statements are correct

12. Apple computers uses a differentiation competitive strategy that emphasizes innovative product with creative design. This is an example of

- a. functional strategy
- b. business strategy
- c. operating strategy
- d. product strategy

13. Assertion A company's positioning and differentiation strategy must change over the product life cycle.

Reason A company's product, market and competitors change over the product life cycle.

Codes:

- a. A is correct but R is incorrect
- b. A is incorrect but R is correct
- c. Both A and R are correct but R is not the right explanation of A
- d. Both A and R are correct and R is the right explanation of A

14. Statement I Competitors analysis begins with identification of potential competitors.

Statement II An industry analysis gives information regarding probable sources of competition.

Codes:

- a. statement I is correct but statement II is incorrect.
- b. statement II is correct but statement I is incorrect
- c. Both statements are correct.
- d. Both statements are incorrect

15. Strategic management consists of which one of the following combinations.

- | | |
|---------------------------|----------------------------|
| 1. Environmental scanning | 2. Strategic for outlay |
| 3. Strategy formulation | 4. Strategy implementation |
| 5. Evaluation and control | |

Codes:

- | | | | |
|------------------|------------------|------------------|---------------|
| a. 1, 2, 3 and 4 | b. 2, 3, 4 and 5 | c. 1, 3, 4 and 5 | d. 2, 3 and 4 |
|------------------|------------------|------------------|---------------|

16. Michael Porter's five forces model includes which one of the following combinations?

- | | |
|-------------------------------------|--|
| 1. Threat of new potential entrants | 2. Threat of substitute product or service |
|-------------------------------------|--|

3. Bargaining power of suppliers 4. Bargaining power of buyers
 5. Rivalry among current competitors 6. Rivalry among prospective competitors

Codes:

- a. 1, 3, 4, 5, 6 b. 1, 2, 4, 5, 6
 c. 1, 2, 3, 5, 6 d. 1, 2, 3, 4, 5

17. Which one of the following is the report of the company's strengths and weaknesses relative to various competitors?

- a. competitor value analysis b. customer value analysis
 c. customer profitability analysis d. customer perceived value

18. Assertion (A): In an industry structure, the acquisition of an existing firm in the industry might be a better move more than starting up a new venture.

Reason (R): There is evidence that internal development might be preferable to acquisition because of differences between culture and shared values.

Codes:

- a. Both A and R are correct and R is the correct explanation of A.
 b. Both A and R are correct but R is not the correct explanation of A
 c. A is correct but R is incorrect
 d. R is correct but A is not correct

19. Consider the following statements with reference to Porter's five forces model of competitive analysis.

1. as rivalry among competing firm intensifies, generally industry profits decline or in few cases, industry becomes inherently unattractive.
 2. whenever new firms are allowed to enter a particular industry, the intensity of competitiveness among firms becomes haphazard.
 3. generally competitive pressures arising from the substitute products decrease as the relative price of substitute products decline.
 4. bargaining power of suppliers affects the intensity of competition.
- a. statement 1 and 2 are false, others are true
 b. statement 1 and 4 are true, others are false.
 c. statement 2, 3 and 4 are true, but 1 is false.
 d. all the statements are true

20. The highly competitive industries, particularly in the early stage of product life cycle, follow which one of the following strategies?

- a. functional area support strategy b. expansion strategy
 c. diversification strategy d. downsizing strategy

21. According to Michael Porter's generic strategies, the three different basis of gaining competitive advantage by an organization are which of the following.

- a. Integration, diversification and acquisitions
 b. Growing, building and sustaining
 c. cost leadership, differentiation and focus
 d. Positioning, capturing and changing.

22. Match the items given in list I with the items of List-II

List-I	List-II
a. objectives	1. Reveal priorities
b. strategies	2. Retreats
c. Policies	3. Potential actions
d. Periodical conduct of strategic management	4. Mainly address repetitive/ recurring

meeting

situations

Codes:

	A	B	C	D
a.	1	3	4	2
b.	3	2	1	4
c.	4	1	3	2
d.	2	4	1	3

23. A company manages multiple strategies for its multiple markets and multiple products through which one of the following?

- a. strategic planners
- b. strategic business units
- c. strategic windows
- d. strategic technology

24. Match the items of List-I with List-II

List-I	List-II
a. technical innovation strategy	1. foreign producer gives a straight copy
b. product adaption strategy	2. perceived and demonstrable superior products
c. availability and security strategy	3. modifications to existing products.
d. total adaptation and conformity strategy	4. overcome transport risk by countering perceived risks.

Codes:

	A	B	C	D
a.	3	2	1	4
b.	2	3	4	1
c.	3	2	1	4
d.	2	3	1	4

25. Only diversified company with a balanced portfolio can use its strengths to truly capitalize on its growth opportunities. Hence, the balanced portfolio contains

- a. stars whose high share and high growth assure the future
- b. cash cows that supply funds for their future growth
- c. question marks to be converted into stars with the added funds
- d. all of the above

26. Porters generic strategies identified three basic categories of strategies to include which one of the following combinations?

- a. High cost producer, differentiation and cost control.
- b. Low cost producer, differentiation and focused niche
- c. specific strategic issues, vertical integration strategies and supply strategy.
- d. managerial resources, profitability and focused niche

27. Michael E Porter's five generic strategies are

- a. differentiation (Best Value), differentiation (low cost), cost leadership (large), cost leadership (small), focus.
- b. Focus (large), focus (small), cost leadership (small), cost leadership (large), differentiation.
- c. cost leadership (low cost), cost leadership (best value), differentiation, focus (low cost), focus (best value)
- d. cost leadership (large), cost leadership (small), differentiation (large), differentiation (small), focus.

28. Which of the following alternatives represent the five forces model of competition developed by Michael Porter?

- a. suppliers, buyers, competitive rivalry among firms in industry, product substitutes and potential entrants.
- b. employees, buyers, competitive rivalry among firms in industry, product substitutes and potential entrants.
- c. suppliers, buyers, employees, product substitutes and potential entrants.
- d. buyers, employees, suppliers, product substitutes and potential entrants.

29. In this attack strategy, the marketer must back it with a stronger attack to beat the opponent. Identify the strategy.

- a. encirclement
- b. flank
- c. frontal
- d. guerrilla

30. at which level in the company should market oriented planning begin?

- a. corporate level
- b. SBU level
- c. Marketing department level
- d. brand managers level

PRACTICE SETS'

1. Which of the following is a key external factors that should be taken into account by a corporate strategy?

- A. economic conditions
- B. political conditions
- C. legal environments
- D. competition

2. What is top-down planning?

- A. This takes place in someone's head, and the decisions may not be written down in any extensive form It is often practiced by entrepreneurial managers with real flair
- B. This requires managers to spend time discussing the future opportunities and threats and areas in which the organization might develop
- C. This involves managers throughout the organization, and ensures that everyone involved in implementing plans will be consulted
- D. This relates to decisions taken at the higher parts of the organization and passed onto other managers for implementation These managers will have had little or no input into the planning process

3. Which of these is a characteristic of soft human resource management?

- A. Managers are responsible for employees
- B. Teams provide increased productivity
- C. Managers are responsible for deploying employees
- D. Scientific management principles and systems should be used to deal with employees

4. Which one of the following does not influence organizational learning?

- A. Awareness of wider environmental developments
- B. Knowledge of competitor activity
- C. Reflecting on past actions
- D. Applying activity maps

5. Select the most accurate statement. Value

- A. means value for money
- B. is best described as the benefits the business chooses to give to customers through its product/service

- C. is the benefits of a product/service as perceived by the customer
D. does not offer competitive advantage
6. International business has grown rapidly in recent decades for all the following reasons EXCEPT
A. rapid expansion of technology
B. liberalization of governmental policies on cross-border movement of trade and re- sources
C. development of institutions to support and facilitate international trade
D. increased cost of labor in both the lesser-developed and developing countries
7. Which of the following is not one of the three elements of strategy creation?
A. Sales B. Innovation C. Planning D. Leadership
8. What is the starting point of strategic in- tent?
A. Objectives B. Goals C. Mission D. Vision
9. Which of the following is not one of the contextual aspects that have a critical impact on strategic change?
A. Structural factors B. Environmental factors
C. Personal factors D. Financial factors
10. Which of the following is not a characteristic of the Internet?
A. Provides information B. Facilitates communication
C. Provides competitive advantage D. Enables electronic trading
11. Which of the following is a force in the Porter's five forces model of industry attractiveness?
A. opportunity for new entrants B. opportunity for substitutes
C. bargaining power of suppliers D. sustainable competitive advantage for customers
12. Which of the following is NOT a major element of the strategic management process?
A. Formulating strategy B. Implementing strategy
C. Evaluating strategy D. Assigning administrative tasks
13. Two reasons for mergers and acquisitions are
A. to increase managerial staff and to minimize economies of scale
B. to reduce tax obligations and increase managerial staff
C. to create seasonal trends in sales and to make better use of a new sales force
D. to provide improved capacity utilization and to gain new technology
14. The corporate level is where top management directs:
A. all employees for orientation
B. its efforts to stabilize recruitment needs
C. overall strategy for the entire organization
D. overall sales projections
15. Strategic Management handles:
A. external issues B. management issues
C. internal issues D. administrative issues
16. Which of the following is not one of Porters five competitive forces?
A. Bargaining power of suppliers B. Threats of new entrants and barriers to entry
C. Threats of technological advances D. Threats of substitutes

17. ETOP stands for

- A. Environmental threat and opportunity profile
- B. Economic threat and Opportunity profile
- C. Enhanced technology and opportunity profile
- D. none of these

18. What are core competences?

- A. Resources which critically underpin competitive advantage and that others can- not obtain
- B. Activities and processes needed to meet customers' minimum requirements and therefore to continue to exist
- C. Key skills required for success in a particular business
- D. Activities that underpin competitive advantage and are difficult for competitors to imitate or obtain

19. Which of the following lists is comprised of support activities:

- A. human resource management, information systems, procurement, and firm infrastructure
- B. customer service, information systems, technology development, and procurement
- C. human resource management, technology development, customer service, and procurement
- D. human resource management, customer service, marketing and sales, and operations

20. Which of the following is not a way in which organizations can behave more ethically and socially responsible?

- A. By avoiding discrimination and improving working conditions
- B. By lowering prices to their targeted market, to stimulate demand and increasing profit by increases in productivity to meet customer demands
- C. By ensuring product safety
- D. By avoiding pollution and safely disposing of waste

21. Which of the following is not a limitation of SWOT (Strengths, Weaknesses, Opportunity, Threats) analysis?

- A. Organizational strengths may not lead to competitive advantage
- B. SWOT gives a one-shot view of a moving target
- C. SWOT's focus on the external environment is too broad and integrative
- D. SWOT overemphasizes a single dimension of strategy

22. Which of the following is not one of the four key strategic elements linked to corporate objectives?

- A. Competitive environment
- B. Stakeholder expectations
- C. Research and development
- D. Organization structure

23. Which would be classified as a stakeholder?

- A. Communities
- B. Banks
- C. Suppliers
- D. Communities Banks Suppliers

24. Technological advancements can create which of the following advantage besides many other existing powerful advantages for the businesses?

- A. Economic
- B. Social
- C. Environmental
- D. Competitive

25. What is likely to be the effect of a logical corporate strategy but poor strategy implementation.

- A. Strategic weaknesses and under-achievement
- B. Fragmented performance through strategic and structural flaws

- C. Structural and stylistic flaws
D. Effectiveness but little efficiency
26. Which of the following is not a key theme in market development?
A. Identifying new uses for existing products and services
B. Strategic positioning
C. Developing new products for new markets and segments
D. Identifying new markets and segments
27. Situation analysis allows the organization to examine:
A. external factors only
B. internal factors only
C. the organization's top management only
D. both external and internal factors
28. Who can be considered as the main stake- holders for London Zoo?
A. Research groups
B. Visitors
C. The government
D. Private investors
29. If a business is blinkered, technology shy, and 'impoverished', what does this sig- nal?
A. A weak strategic plan
B. A planning gap
C. A lack of innovation and vision
D. Weak strategic leadership
30. Although firm infrastructure is quite frequently viewed only as overhead expense, it can become a source of competitive ad- vantage. Examples include all of the following except:
A. negotiating and maintaining ongoing relations with regulatory bodies
B. marketing expertise increasing a firm's revenues and enabling it to enter new markets
C. effective information systems contributing significantly to a firm's overall cost leadership strategy
D. top management providing a key role in collaborating with important customers
31. _____ of an organization deals with investigation of organizational strengths and weaknesses by focusing on factors which are relevant to it
A. External analysis
B. Internal analysis
C. Industry analysis
D. Business analysis
32. The process of developing a mission statement includes which of these as the first activity?
A. A request to modify the current document
B. Ask managers to read selected articles about mission statements
C. Ask managers to prepare a mission statement for the organization
D. A merging of several mission statements into one document
33. Robert Kalpan and David developed the balanced score card in the early _____ as a performance measurement system
A. 1991
B. 1990
C. 1992
D. 1995
34. Marketing current products with possible modifications and range increases is also known as what?
A. Retrenchment
B. Market penetration
C. Product development
D. Market development
35. Which of the following is not a competence recognized by Richardson and Thompson ?
A. Strategic thinking
B. Managing paradoxes
C. Innovative climate
D. Providing excellent quality
36. The primary benefit brought from restructuring is:

- A. employee involvement B. cost reduction
C. increased morale D. increased number and organizational hierarchy
37. Which one of the following is not a form of non-price competition?
A. Branding B. Innovation
C. Advertising D. None All of the above increase non-price competition
38. In order for a culture to generate success, what does it need to be?
A. Stable and secure B. Flexible and adaptive
C. Innovative and resourceful D. Flexible and resourceful
39. _____ and _____ are outcomes from a study of the external environment
A. Threats and Weaknesses B. Strengths and Weaknesses
C. Weights and Measures D. Opportunities and Threats
40. The three organizational levels are:
A. corporate level, business level, functional level
B. corporate level, business unit level, functional level
C. corporate strategy level, business unit level, functional level
D. corporate strategy level, business level, specialist level
41. _____ refers to the strategies and counter strategies of a firm that compete in a shared market place
A. Retrenchment strategy B. Competitive gaming
C. Business strategy D. Corporate strategy
42. What do you understand by the term 'a prospector organization'?
A. An organization that represents a good prospect for a firm looking to make an acquisition
B. An organization with good growth prospects
C. An organization that has recently been founded as an entrepreneurial start-up
D. An organization that actively seeks new opportunities and change
43. The two internal elements of SWOT analysis are
A. weaknesses and threats B. opportunities and threats
C. strength and weaknesses D. strengths and threats
44. Cost efficiency is determined by which of the following drivers?
A. Supply Costs, Experience, Product/Process Design and Economies of Scale
B. Supply Costs & Economies of Scale
C. Product/Process Design and Economies of Scale
D. Experience
45. Research into diversification and acquisition can be divided into 4 schools. Which of the following is not one of the schools?
A. Environmental B. Financial
C. Accounting D. Economic
46. McDonalds is deciding whether to expand into manufacturing kitchen equipment in China. At what level is this decision likely to be made?
A. Business B. Corporate
C. Functional D. International
47. What does the acronym SMART refer to?
A. Superiority, Measurement, Appropriability, Reliability, Transparency
B. Specific, Measurable, Achievable, Realistic, Timescale

- C. Substitutability, Measurement, Appropriability, Reliability, Transparency
 D. Specific, Measurable, Achievable, Realistic, Timely
48. When does horizontal integration occur?
 A. When a firm acquires or merges with a major competitor
 B. When a firm acquires or merges with a an unrelated business
 C. When a firm acquires or merges with a distributor
 D. When a firm acquires or merges with a supplier firm
49. Which one of the following are considered to be synergistic benefits for LVMH?
 A. Joint ventures B. Similarity of portfolio
 C. Commercial exploitation D. Name association
50. Cash cows are SBU's that typically generate:
 A. problems for product managers B. paper losses in the long run
 C. large awareness levels but few sales D. a lot of competition
51. The merging of analysis of internal and external factors influencing the organizations strategy is known as
 A. complete studies B. organizational behavior and theory
 C. definitional analysis D. SWOT analysis
52. Explosive growth cannot be maintained indefinitely. Sooner or later, the rate of growth slow and the industry enters the
 A. Embryonic stage B. Growth stage
 C. Shakeout stage D. Maturity stage
53. The word tactics is most likely to be associated with
 A. Business strategy B. Corporate strategy
 C. Operational strategy D. All of the above
54. A is a limitation or deficiency in resources, skills and capabilities that seriously impede effective performance
 A. Strength B. Threat
 C. Opportunities D. Weakness
55. One key to effective implementation is setting:
 A. schedule of events B. deadlines
 C. milestones D. good managers in motion
56. What does Question mark symbolize in BCG matrix?
 A. Remain Diversified B. Invest
 C. Stable D. Liquidate
57. _____ strategy involves adopting a combined approach of low costs and high local responsiveness simultaneously by the firms for their products and services
 A. Global B. Multi domestic
 C. International D. Transnational
58. Which one of the following is not an aspect of the MOST analysis
 A. Mission B. Strategies
 C. Tactics D. Organization

59. The five forces model developed by _____ has been the most commonly used analytical tool for examining competitive environment
- A. Michnal E Porter
C. Barrywell
- B. Lewis Charter
D. Schwiz
60. Which of these is not a key stakeholder that an organization must seek to satisfy?
- A. Managers
C. Employees
- B. Shareholders
D. Customers
61. The means by which long term objectives will be achieved are
- A. mission statements
C. vision statements
- B. strategies
D. long term goals
62. This is the last stage in the conflict management lifecycle.
- A. Environmental scanning
C. Image restoration
- B. Risk communication
D. Issues management
63. If unprepared, what strategic pressures are recognized as key factors that can weaken the organization?
- A. Competitive and environmental pressures
B. Control at the expense of flexibility
C. Lack of planners
D. Competitive and environmental pressures, and excessive control
64. Managers should study international business because
- A. international business comprises a large and growing portion of the world's total business
B. global events and competition affect almost all companies
C. a company operating internationally will engage in modes of business that differ from those it is accustomed to domestically
D. all of the above
65. How many cells are in a SWOT matrix?
- A. 9
B. 6
C. 3
D. 2
66. _____ is called as a bundle of resources
- A. Industry
B. Unit
C. Organization
D. Management
67. Which of the following is not suggested by Markides (1999) as a factor for competitive and strategic success?
- A. Synergy
B. Careful evaluation of strategic options
C. Ensure consistency between desired strategic position and the chosen strategy
D. Active opportunity searching
68. In_____ strategy assumptions are made that consumers needs are similar world- wide
- A. Global
C. International
- B. Multi domestic
D. Transnational
69. The understanding of what key element is essential for successful strategic planning?
- A. Understanding the needs and expectations of stakeholders
B. Understanding competencies
C. Understanding the processes of strategic change
D. Understanding how to plan

70. What form of strategy formation would be expected to be found in Defender organizations?
- | | |
|--------------------|----------------|
| A. Formal planning | B. Visionary |
| C. Adaptive | D. Incremental |
71. Which of the following is one of the factors related to the issue of the feasibility of a strategy?
- | | |
|---|------------------------------------|
| A. Skills and resources, available and needed | B. Levels of return expected |
| C. Finance and other resource availability | D. Effect on strategic perspective |
72. The BCG matrix is based on
- | |
|--|
| A. Industry attractiveness and Business strength |
| B. Industry Growth rate and Business strength |
| C. Industry Attractiveness and Relative Market share |
| D. Industry growth rate and relative market share |
73. In business, _____ generally refers to the fight for market share which serves the same basic customer needs
- | | |
|----------------|----------------------|
| A. Competition | B. Composition |
| C. Rivalry | D. None of the above |
74. Which of the following is not an element of the growth/market options matrix developed by Ansoff (1987)?
- | | |
|------------------------|------------------------|
| A. Market development | B. Diversification |
| C. Product development | D. Market segmentation |
75. Relative deficiency or superiority is important information in performing which activity?
- | | |
|-------------------|--------------------------|
| A. External audit | B. Allocating resources |
| C. Internal audit | D. Evaluating strategies |
76. Internal audit is done:
- | | |
|-------------------------------|-------------------------------|
| A. Before external audit | B. After external audit |
| C. Parallel to external audit | D. Vertical to external audit |
77. Strategy creation involves three strands. Which of the following is not one of the three strands?
- | | |
|---------------------|------------------------|
| A. Planning | B. Vision |
| C. Entrepreneurship | D. Emergent strategies |
78. Which one of the following is not a future pattern identified by Courtney et al. (1997)
- | |
|--|
| A. A limited and definable number of discrete alternatives which can be evaluated and judged by strategic managers |
| B. A limited and definable number of alternatives which cannot be evaluated nor judged with any great certainty |
| C. A limited but undefinable number of discrete alternatives which can be evaluated and judged |
| D. A limited but undefinable number of discrete alternatives that cannot be evaluated nor judged at all |
79. The _____ has its own business strategy, objectives and competitors and these are often differ from parent company
- | | |
|--------------------------------------|-------------------------|
| A. Strategic Business Unit structure | B. Matrix structure |
| C. Divisional structure | D. None of given option |
80. What is synergy?

- A. When the organization is providing a product to the customer that perfectly suits their requirements
- B. When the parts of an organization are combined and managed in such a way that the drawbacks exceed those which would result if the parts were operating separately
- C. When the parts of an organization are combined and managed in such a way that the benefits exceed those which would result if the parts were operating separately
- D. When the parts of an organization are combined and managed in such a way to reduce costs
81. In military analogy, what is the outcome if in strategy creation the organization has both capability and intent?
- A. Capacity B. Credibility
- C. Emergent strategy D. Intended strategy
82. Which of the following statements best describes scenario planning?
- A. Exploring future possibilities by looking at potential outcomes from particular causes and seeking to explain why things might occur
- B. Considering three likely scenarios for future developments, and devising a strategy according to the likeliest outcome
- C. Helping managers come to terms with the threats and opportunities within the company by devising a possible scenario to eliminate the threats and capitalize on the opportunities
- D. Planning the best way to secure the scenario outcome that would benefit the company most
83. Disney is in the business of:
- A. theme parks or movies B. creating entertainment, fun and fantasy
- C. building theme parks D. designing new imaginative characters
84. Middle level managers typically are responsible for _____ strategies
- A. business B. organizational
- C. operational D. corporate
85. Strategic stretch involves:
- A. The fit between the organization and its environment
- B. Creating new opportunities by stretching and exploiting capabilities in new ways
- C. The skills of the senior management
- D. Utilizing all the resources of an organization to their full capacity
86. The goal of the cost leader is to:
- A. start a price war B. minimize wages
- C. charge the lowest price D. make high margins
87. In a large organization, strategic management activities occur at what level(s)?
- A. Corporate and divisional B. Functional, business and corporate
- C. Strategic business unit D. Divisional
88. Which one of the following would not be considered a functional strategy?
- A. Financial B. Marketing
- C. Product-market D. Operations
89. A company's ability to meet its short-term financial obligations is measured by which of the following categories?
- A. liquidity ratios B. profitability ratios
- C. activity ratios D. leverage ratios

90. _____ are the resources, skills or other
- Innovative and entrepreneurial organizations
 - Organizations which follow industry trends
 - Conservative and low risk organizations
 - Organizations with limited change and measured steps
91. What must the strategic visionary leader avoid in order to ensure the prolonged success of a strategy?
- Becoming blinkered by the success of one strategy to the detriment of others
 - Depending too heavily on colleagues
 - Becoming too ambitious
 - Being adaptable
92. What or who are Reactors?
- Innovative and entrepreneurial organizations
 - Organizations which follow industry trends
 - Conservative and low risk organizations
 - Organizations with limited change and measured steps
93. The impact of strategies on the general direction and basic character of a company is
- short range
 - medium range
 - long range
 - minimal
94. _____ strategy may require a firm to redefine its business and may involve divestment of a major product line or an SBU, abandon some markets or reduce its functions
- Expansion Strategy
 - Retrenchment Strategy
 - Combination Strategy
 - Stability Strategy
95. The pie slices within the circles of a _____ reveal the percent of corporate profits contributed by each division
- QSPM
 - BCG matrix
 - SPACE matrix
 - Grand strategy matrix
96. Which of these is not an activity associated with restructuring?
- Acquiring unrelated businesses
 - Intervening in business processes
 - Hoarding new businesses
 - Value optimization
97. Which of these is not an identified form of organizational structure?
- Intrapreneurial
 - Functional
 - Divisional
 - Matrix
98. _____ arises when a firm is able to perform an activity that is distinct from competitors
- competitive advantage
 - focus
 - cost leadership
 - logic
99. When a company is experiencing an economic recession this is a good time to do what?
- Reduce costs and assets
 - Refocus
 - Simplify
 - Invest
100. Aggregating prospective buyers into groups is called:
- market categorization
 - market segmentation
 - modeling
 - BCG matrix analysis

ANSWER KEYS:

1=D	2=D	3=B	4=D	5=C	6=D	7=A	8=D	9=D	10=A
11=C	12=D	13=D	14=C	15=A	16=C	17=A	18=D	19=A	20=B
21=C	22=C	23=D	24=D	25=C	26=C	27=D	28=B	29=D	30=B
31=B	32=B	33=B	34=D	35=B	36=B	37=D	38=B	39=D	40=A
41=B	42=D	43=C	44=A	45=A	46=B	47=B	48=A	49=D	50=D
51=D	52=C	53=C	54=D	55=D	56=A	57=D	58=D	59=A	60=A
61=B	62=C	63=D	64=D	65=A	66=C	67=C	68=A	69=C	70=A
71=C	72=D	73=A	74=D	75=C	76=C	77=C	78=A	79=A	80=C
81=B	82=A	83=B	84=A	85=B	86=D	87=B	88=C	89=A	90=B
91=A	92=B	93=C	94=B	95=B	96=C	97=A	98=A	99=B	100=B

UNIT-9

MARKETING MANAGEMENT

1. Labeling, packaging are associated with:

- a) Price mix
- b) **Product mix**
- c) Place mix
- d) Promotion mix

2. set(s) the floor for the price that the company can charge for its product.

- a) Supply
- b) Demand
- c) **Costs**
- d) Nonprofit factors

3. Companies facing the challenge of setting prices for the first time can choose between two broad strategies: market-penetration pricing and _

- a. Market-level pricing
- b. Market-competitive pricing
- c. **Market-skimming pricing**
- d. Market-price lining

4. In the maturity phase of the PLC, a marketing manager should consider:

- a. dropping the product and moving on to the next product winner.
- b. **Modifying the market, product, and marketing mix.**
- c. Expanding R & D.
- d. Pricing to penetrate the market.

5. The stage of the PLC characterized by overcapacity, greater competition, and the eventual elimination of weaker competitors is called the:

- a. Decline stage.
- b. Introduction stage.
- c. Growth stage.
- d. **Maturity stage.**

6. Which of the product is in the decline stage of PLC?

- a. HD TVs
- b. Tata Salt
- c. I- phone
- d. **Music CDs**

7. Which of the following is not a type of decision usually made during the product development stage?

- a. **Branding**
- b. Product positioning
- c. Packaging
- d. Product screening

8. All of the following are different ways a firm can obtain new products, except which one?

- a. By acquiring a whole new company
- b. A firm can obtain a new product through patents
- c. A firm can obtain a new product by licensing someone else's new product
- d. **A firm can obtain a new product by using the R&D department of other firms in the same industry.**

9. Original products, product improvements, product modifications, and new brands that a firm develops through its own research and development efforts are called:

- a. new products.
b. concept products.
c. altered products.
d. supplemental products.

10. To create successful new products, a company must understand consumers, markets, & competitors and:

- a. Develop a great advertising campaign.
- b. Have a strong Web site to push the product.
- c. Adopt a push rather than pull promotional concept.
- d. Develop products that deliver superior value to consumers.**

11. is screening new-product ideas in order to spot good ideas and Drop poor ones as soon as possible:

- a. Idea generation
c. **Idea screening**
- b. Concept development and testing
d. Brainstorming

12. A is a detailed version of the idea stated in meaningful Consumer terms.

- a. Product idea
c. **Product concept**
- b. Product image
d. Product feature

13. If a company wishes to test its positioning strategy, advertising, distribution, pricing, branding and packaging, and budget levels, it can do so during which of the following stages of the new-product development process?

- a. Commercialization
- c. Product development
- b. Test marketing
- d. Concept testing

14. Sterilization packaging systems have an impact on:

- a. Instruments
b. Healthcare acquired infection
c. Healthcare costs
d. All of the above

15. All of the following are accurate descriptions of reasons why new products fail, except which one?

- a. Although the market size was correctly estimated, the product idea itself was not good.
- b. The actual product was not designed as well as it should have been.
- c. The new product was priced too high.
- d. The new product was advertised poorly.

16. Which of the following is NOT a price adjustment strategy?

- a. Segmented pricing
b. Promotional pricing
c. Free samples
d. Geographical pricing

17.Differentiation in pricing for various geographical customer

- a. Price skimming
- b. Psychological pricing
- c. Pricing variations
- d. Geographical pricing**

18. When Pepsi came out with Pepsi Blue and priced it at half price to attract buyers they were using, Pepsi was using _ .

- a. Market-skimming pricing
- b. Market-penetration pricing
- c. New-product pricing
- d. Discount pricing

19. is a period of market acceptance and increasing profits.

- a. Product development b. Maturity
c. Growth d. Introduction

20. begins when the company finds and develops a new-product idea. During product development, sales are zero and the company's investment costs mount.

- a. Introduction
- c. Maturity

b. Growth

d. Product development

21. Technological advances, shifts in consumer tastes, and increased competition, all of which reduce demand for a product, are typical of which stage in the PLC?

a. Decline stage

c. Growth stage

b. Introduction stage

d. Maturity stage

22. A „penetration pricing“ strategy will set an initially high price to „cream off“ as much revenue as possible from the early purchasers.

a. True

b. False

23. Original products, product improvements, product modifications, and new brands that a firm develops through its own research and development efforts are called:

a. New products.

c. Altered products.

b. Concept products.

d. Supplemental products.

24. As a product reaches its decline stage of the PLC, management may decide to the product, which means reducing various costs and hoping that sales hold up.

a. drop

c. cultivate

b. harvest

d. NOTA

25. The stage in the product life cycle that focuses on using a cost-plus formula and creating product awareness and trial is the:

a. decline stage.

c. Growth stage.

b. introduction stage.

d. maturity stage.

26. The stage in the product life cycle where the strategic focus is on market penetration and building intensive distribution is the:

a. decline stage.

c. Growth stage.

b. introduction stage.

d. maturity stage

27. One of the challenges presented by the product life cycle for a product is that of new-product development.

a. True

b. False

28. One study found that the number one success factor for new-product introduction is a unique, superior product.

a. True

b. False

29. Idea screening is generally recognized to be the first step in the new-product development process.

a. True

b. False

30. In terms of the PLC, the growth stage is a period of rapid market acceptance and increasing profits.

a. True

b. False

31. If a company were to change characteristics of the product such as quality, features, or style, it would most likely do this in the maturity phase of the product life cycle.

a. True

b. False

32. Introducing the new product into the market takes place in which stage of the new product

development process?

a. commercialization

c. Marketing strategy

b. Test marketing

d. Product development

33. Looking at the sales history of similar products and surveying market opinion are tools used at which stage in the new-product development process?

a. concept development and testing

c. Business analysis

b. commercialization

d. marketing strategy development

34. Presenting new-product ideas to consumers in symbolic or physical ways to measure their reactions occurs during which of the following stages?

a. idea generation

c. marketing strategy

b. concept testing

d. screening

35. A is a detailed version of the idea stated in meaningful consumer terms.

a. product idea

c. product concept

b. product image

d. product feature

36. One reason that idea screening is a critical stage in the new-product development process is that:

a. Product-development costs rise greatly in later stages and the company only wants those products that can succeed.

b. Competitors can quickly steal ideas so the company wants only those ideas that can be protected with patents.

c. International competition and markets demand that all ideas be culturally sensitive.

d. The Federal government carefully monitors each company's idea screening process to make sure no national security matters are at stake.

37. The systematic search for new-product ideas is characteristic of which stage in the new product development process?

a. idea screening

c. idea generation

b. concept development and testing

d. Business analysis

38. To achieve the marketing objectives for the brand and satisfy the desires of consumers, the and functional components of packaging must be chosen correctly.

a. characters

c. aesthetics

b. logo

d. brand name

39. A label performs several functions for a product. These include all of the following EXCEPT.

a. grades

c. describes

b. promotes

d. classifies

40. To be branded, physical products must be differentiated.

a. True

b. False

41. Packaging is all the activities of designing and producing the container for a product.

a. True

b. False

42. Packaging has been called the fifth "P" by marketers because it can be an element of product strategy.

a. True

b. False

43. Labels can identify the product and must contain legal statements that under various Federal laws cannot be misleading, false, or deceptive.

a. True

b. False

44. involves designing and producing the container or wrapper for a product.

- a. **Packaging**
- b. Product line
- c. Service
- d. Branding

45. Like New Products wants to improve its packaging after reading customer responses to its customer opinion poll. Which is not a function of packaging?

- a. Its purpose is to contain and protect the product.
- b. It contains the brand mark.
- c. It protects children.

It determines product quality.

46. At the very least, the identifies the product or brand. It might also describe several things about the product.

- a. line extension
- b. social marketing
- c. **label**
- d. specialty product

47. Some analysts see as the major enduring asset of a company, outlasting the company's specific products and facilities.

- a. **brands**
- b. convenience products
- c. specialty products
- d. unsought products

48. Chicken of the Sea brand tuna sells more than the same size Kroger brand tuna even though the Kroger tuna costs Rs.0.15 less per can. This is known as brand .

- a. extension
- b. **equity**
- c. specialty
- d. service

49. Branding assists buyers in numerous ways. Which of the following is not a direct consumer benefit derived from branding?

- a. Brand names raise awareness and increase consumer interest.
- b. Brand names increase shopper efficiency.
- c. Brand names convey product quality.

d. Branding enables suppliers to attract loyal and profitable set of customers.

50. What elements constitute a brand?

a. Name, design, style, words or symbols, singly or collectively that distinguish one product from another.

- b. Design, style, or symbols, singly or collectively that distinguish one product from another.
- c. Name, design, style, words or symbols that distinguish one product from another.
- d. Name, words or symbols, singly or collectively that distinguish one product from another.

51. At the introduction stage of the Product Life Cycle (PLC), which of the following are the marketer's two main priorities?

- a. Launch planning and creating shelf space.
- b. **Generating awareness and stimulating responses.**
- c. Launch planning and generating awareness.
- d. Creating shelf space and generating awareness.

52. In the growth stage of a product life cycle which of the following statements are applicable?

- 1) There is a rapid increase in sales.
- 2) Effects of repeat purchasing are seen.
- 3) Increased competitor activity is found.
- 4) Profits begin to rise.
- 5) Good product management is required.

Options

- a. 1,2,3,4
- b. 1,3,4,5,
- c. **1,2,3,4,5,**
- d. 1,2,3,5,

53. Which of the following is NOT a method of idea generation?
 a. Morphological analysis. **b. Synthetics.**
 c. Synetics. D. NOTA
54. Launching a product in a small part of the market is called:
 a. Competitive response. b. Competitive analysis.
c. Test marketing d. NOTA
55. Starting with one or two areas and then adding new regions to the distribution area is called:
a. Rolling launch. b. Sprinkler strategy.
 c. Test marketing. D. NOTA
56. Which of the following is not a stage in the product life cycle?
 a. Introduction. **b. Withdrawal.**
 c. Growth. d. Maturity.
57. Of the following, which statement(s) would not support a market-skimming policy for a new product?
 a. The product's quality and image support their higher prices
 b. Enough buyers want the products at that price
 c. Competitors are not able to undercut the high price
d. Competitors can enter the market easily
58. Choosing a price based upon its short-term effect on current profit, cash flow, or return on investment reflects which of the following pricing objectives?
a. current profit maximization b. product quality leadership
 c. market share leadership d. survival
59. Pricing to cover variable costs and some fixed costs, as in the case of some automobile distributorships that sell below total costs, is typical of which of the following pricing objectives?
 a. current profit maximization b. product quality leadership
 c. market share leadership **d. survival**
60. If a company believes that the company with the largest market share will enjoy the lowest costs and highest long-run profits, that company will probably choose which of the following pricing objectives as their primary course of action?
 a. current profit maximization b. product quality leadership
c. market share leadership d. survival
61. pricing is the approach of setting a low initial price in order to attract a large number of buyers quickly and win a large market share.
 a. Market-skimming b. Value-based
c. Market-penetration d. Leader
62. Freight-absorption pricing is used for :
 a. Services; installations
b. Market penetration; holding on to increasingly competitive markets
 c. Market penetration; higher profit margins
 d. holding on to increasingly competitive markets; higher profit margins
63. Pool Pak produces climate-control systems for large swimming pools. The company's customers are more concerned about service support for maintaining a system than its initial price. Pool Pak may use this knowledge to become more competitive through .
 a. Value pricing **b. Target costing**

- c. Cost-plus pricing d. Skimming pricing
64. Which of the following is not a price adjustment strategy?
 a. Seasonal pricing b. segmented pricing
c. Free samples d. Geographical pricing
65. Which of the following statements about break-even analysis is true?
 a. It is a technique marketers use to examine the relationship between supply and demand
 b. It is a technique used to calculate fixed costs
c. It is calculated using variable costs, the unit price, and fixed costs
 d. It determines the amount of retained earnings a company will have during an accounting period
66. Big Mike's Health Food Store sells nutritional energy-producing foods. The price of the products sold varies according to individual customer accounts and situations. For example, long-time customers receive discounts. This strategy is an example of .
 a. Cost-plus pricing b. Penetration pricing
c. Dynamic pricing d. Everyday low pricing
67. Which of the following is not an effective action that a company can take to combat a competitor's price cut on a product?
 a. Launch a low-price "fighter brand" b. Improve quality and increase price
 c. Raise perceived value **d. Improve quality and decrease price**
68. Magic Box Company wants to provide better customer service while trimming distribution costs through teamwork, both inside the company and among all the marketing channel organizations. Magic Box is thinking of .
 a. Disintermediation **b. Integrated logistics management**
 c. Customer relationship management d. Vendor-managed inventory
69. Company building its pricing strategy around the experience curve would be most likely to.
 a. Engage in break-even pricing b. Engage in value-added pricing
 c. Price its products high **d. Price its products low**
70. Low-interest financing and longer warranties are both examples of .
 a. Allowances **b. Promotional pricing**
 c. Discounts d. Segmented pricing
71. Typically producers who use captive-product pricing set the price of the main product and set on the supplies necessary to use the product.
 a. High; low markups b. High; high markups
 c. Low; low markups **d. Low; high markups**
72. A car maker's strategy of advertising a basic vehicle model with few conveniences and comforts at a low price to entice buyers and then convincing customers to buy higher-priced models with more amenities is an example of which of the following?
 a. Captive product pricing **b. Optional product pricing**
 c. Product line pricing d. Segmented pricing
73. While costs set the lower limit of prices, and set the upper limit.
 a. Price and value b. Interest rates and inflation
c. Market and demand d. Supply and demand
74. What is value-based pricing?
a. Companies base their prices on buyers' perceptions of value, not their own costs

- b. Offering just the right combination of quality and good service at a fair price
 c. Companies set prices to make a target profit and to get some value for their production and marketing efforts
 d. Companies set prices to break-even on production and marketing costs
75. Price is a major factor affecting buyer choice that goes by many names, such as .
 a. Assessments, commissions, dues and fees
 b. Rent, salaries, tuition and wages
 c. Honoraria, interest, income taxes and premiums
d. All of the above
76. Which of the following is not one of the general pricing approaches?
 a. Competition-based
 b. Cost-based
 c. Relationship pricing
d. Penetration pricing
77. If an abattoir sold offal to a pet food manufacturer and hence reduced the costs of the final price of the meat to consumers, this would be an example of pricing strategy.
 a. Bundle
 b. By-product
 c. Optional
 d. Captive
78. Pricing products that must be used together with a main product is called _ product pricing.
 a. By-product
 b. Optional
 c. Bundle
d. Captive
79. Price elasticity of demand means .
a. How much demand will change in response to a price change?
 b. The higher the price, the lower the demand
 c. That demand changes greatly with a small increase in price
 d. That demand hardly changes with a small increase in price
80. Which of the following is not one of the product mix and service mix pricing strategies?
 a. Bundle
 b. By-product
 c. Product line
d. Complementary
82. costs do not vary with production levels or sales levels.
 a. Total
 b. Variable
c. Fixed
 d. All of the above
83. The objective of price can be:
 a. Profit
 b. Market share
 c. Cash Flow
d. All the above
 e. None of the above
82. Mark up pricing is a pricing & geographical pricing is a .
a. Method, strategy
 b. Strategy, method
 c. Process, policy
 d. Policy, process
 e. None of above
83. The three layers of packaging are:
 a. Primary, Secondary & tertiary packaging
b. Primary, Secondary & shipping packaging
 c. Shipping, inner & outer packaging
 d. None of above
84. Sales are declining, profits are also declining & competition is increasing. These indicate that the product may be in:
 a. Introduction stage
b. Decline stage
 c. Growth stage
 d. Maturity stage

e. All of above

85. The term brand equity refers to:

- a. The value attached to the brand
- b. The financial value of a company's brand
- c. It's level of popularity
- d. All of above**

86. Companies can create brand equity for their products by making them .

- a. Memorable,
- b. Easily recognizable
- c. Superior in quality
- d. Reliability
- e. All of above**

87. A brand name is one of the elements of the:

- a. Discounted product
- b. Core benefit
- c. Augmented product
- d. Actual product**

88. Identify the commercialization decision which includes decisions regarding locality, region, nationally or even internationally launching the product.

- a. Why to launch the product?
- b. How to launch the product?
- c. Where to launch the product?**
- d. When to launch the product?

89. Which of the following is the leak-proof packaging that provides additional protection for the primary container?

- a. Primary packaging
- b. Secondary packaging
- c. Transport packaging**
- d. Decorative

90. Gift baskets are the example of which one of the following types of packaging?

- a. Decorative**
- b. Secondary
- c. Shipping
- d. Primary

91. The label on a pack of frozen peas says, 'packed within an hour of picking'. These words are used:

- a. To promote the product
- b. To satisfy legal requirements
- c. To provide information**
- d. To fulfill ethical requirement

92. Packaging used for the ice creams is an example of which of the following?

- a. Decorative packaging
- b. Transport packaging
- c. Secondary packaging
- d. Primary packaging**

93. Which of the following is a name, term, sign, symbol, design, or a combination of these, that identifies the product or service?

- a. Label
- b. Co-brand
- c. Brand**
- d. Product

94. The concept of price is central to:

- a. Administration
- b. Management
- c. Macroeconomics
- d. Microeconomics**

95. Which of the following marketing mix element generates revenue?

- a. Promotion
- b. Price**
- c. Place
- d. Product

96. ABC Company priced the product as of Rs. 19.99 instead of Rs.20. Which of the following pricing techniques is ABC Company using?

- a. Dodging pricing
- b. Deceptive pricing
- c. Premium pricing
- d. Psychological pricing**

97. To pay premium price for the product customers require:
 a. Allowance **b. Flawless performance**
 c. Discounts d. High promotion,
98. Which of the following is NOT an objective of discounts?
 a. Reward valuable customers **b. Reward competitors**
 c. Move out-of-date stock d. Increase short-term sales
99. 3/10 net 30 is an example of which of the following?
 a. Seasonal discount b. Trade discount
 c. Quantity discount **d. Cash discount**
100. A company is providing warehousing facility to its channel members. The company is using which of the following?
a. Seasonal discount b. Trade discount
 c. Quantity discount d. Cash discount
101. To attract customers into stores, the store advertises its milk at a price less than cost, hoping that customers will purchase other groceries as well. Milk is acting as which of the following?
 a. Premium item b. On- sale item
c. Discounted item d. Loss leader
102. Many companies try to set a price that will maximize current profit. This strategy assumes that company has knowledge of its:
 a. Cost and production function b. Revenue and cost function
 c. Demand and market function **d. Demand and cost function**
103. Which one of the following 4Ps of marketing mix involves in decisions regarding list prices, discounts, allowances and payment periods or credit terms?
 a. Product **b. Price** c. Place d. Promotion
104. Identify the stage of product life cycle in which sales are at peak.
 a. Introduction b. Growth **c. Maturity** d. Decline
105. Which of the followings are considered defensive in nature?
 a. Maturity and growth stage **b. Maturity and decline stage**
 c. Introduction and maturity stage d. Introduction and growth stage
106. Standard Cable cut back advertising expenditures to minimum level and reduced the number of channel members for its industrial cable product. These actions are indicative of a product in which of the following stage of its life cycle?
 a. Introduction b. Growth c. Maturity **d. Decline**
107. Highest percentage of ideas for new products originates with/from which of the following sources?
 a. Top management **b. Customers**
 c. Competitors d. Employees
108. Which of the following are the people who purchase new products almost as soon as the products reach the market?
a. Innovators b. Late majority
 c. Early majority d. Late adopters

109. Which of the following is NOT one of the stages that customers go through in the process of adopting a new product?

- a. **Desire**
- b. Awareness
- c. Evaluation
- d. Interest

110. Using one brand name for several related products is known as which of the following?

- a. **Family branding**
- b. Group branding
- c. Combination branding
- d. Premium branding

111. Which of the following price is quoted to a potential buyer, usually in written form?

- a. Wholesale price
- b. Market price
- c. **List price**
- d. Retail price

112. Mr. A, marketer of XYZ Co. is selling his ice-cream in the market at Rs.20, 20% more than his competitors' price. Still his sales are increasing. Now his aim is to maintain same pricing. He enjoys which type of leadership?

- a. Promotion leadership
- b. **Price leadership**
- c. Cost leadership
- d. Product leadership

113. Market-penetration pricing will likely to be used most in selling which of the following items?

- a. Specialty
- b. **Convenience**
- c. Unsought
- d. Pharmaceuticals

114. Customer cost will be considered as which of the following Ps of marketing mix?

- a. Product
- b. **Price**
- c. Place
- d. Promotion

115. Suppose Nestle wants to expand its line of food products. The managers conduct surveys from customers to determine which food items would appeal to customers. Nestle is currently in which of the following phase of new product development?

- a. Idea generation
- b. Idea screening
- c. **Test marketing**
- d. Business analysis

116. Which of the following stage of product life cycle is most expensive?

- a. **Introduction**
- b. Growth
- c. Maturity
- d. Decline

117. All of the following are true about price EXCEPT:

- a. **Price is independent of the other elements of the marketing mix**
- b. Price is the monetary value of a product
- c. Price is most flexible tool in the marketing mix
- d. Price is marketing mix element which produces revenue

118. Which of the following is price reduction offered when an order is placed in slack/drooping period?

- a. Cash discount
- b. Trade discount
- c. **Quantity discount**
- d. Seasonal discount

119. Surf Excel was named to take the benefit of the existing brand value of Surf. This strategy can be classified as strategy.

- a. Brand growth
- b. **Brand extension**
- c. Branding
- d. Brand level

120. Though "Pizza Huts" are located in posh, air-conditioning premises, they continue to call themselves as "Pizza Huts". This is to take advantage of

- a. Local sentiment of wanting to eat in huts
- b. **Brand value**

c. Brand recognition

d. Brand extension

121. A is an elaborated version of the idea expressed in consumer terms.

a. test brand

b. product concept

c. product idea

d. new idea

122. Gillette Venus Embrace can best be described as , rather than either a repositioning or a new-to-the-world product.

a. Improvements and revisions of existing products

b. new product lines

c. additions to existing product lines

d. cost reductions product

e. adaptations

123. In , consumers who initially try the product at no cost are reoffered the product, or a competitors' product, at slightly reduced prices.

a. simulated test marketing

b. commercialization

c. sales-wave research

d. controlled test marketing

124. calls for finding 30 to 40 qualified shoppers and questioning them about brand familiarity and preferences in a specific product category.

a. Sales-wave research

b. Focus group research

c. Controlled test marketing

d. Simulated test marketing

125. The ultimate way to test a new consumer product is to put it into full-blown .

a. test markets

b. screening

c. sales-wave research

d. controlled test marketing

126. Your firm has chosen a few representative cities, and the sales force tries to sell the trade on carrying the product and giving it good shelf exposure. The company puts on a full advertising and promotion campaign. Total costs exceed Rs.1 million. Your firm has decided to conduct a .

a. business analysis.

b. commercialization.

c. test market

d. controlled test market.

127. **NPD** stands for:

a. New Product Department.

b. National Production Division.

c. New Product Development.**D. NOTA**

128. Providing a description of a product and its attributes and inviting comment from consumers is called:

a. Attribute testing.

b. Market testing

c. Concept testing.**D. NOTA**

129. What are the two ways that a company can obtain new products?

a. new-product development and acquisition

b. market mix modification and research and development internal development and merger

c. line extension and brand management

d. service development and product extension

130. Which of the following is not a potential cause of the failure of a new product?
an incorrectly positioned product

a. An underestimated market size

b. ineffective advertising

c. higher than anticipated costs of product development a poorly designed product

131. The creation of a successful new product depends on a company's understanding of its

and its ability to deliver to customers. product life cycle, legal responsibilities, and social responsibilities; innovations competitors,

- a. distributors, and employees;
- b. new styles product, marketing mix, and marketing strategy;
- c. functional features customers, brands, products;
- d. customers, competitors, and markets; superior value**

132. Executives, manufacturing employees, and salespeople are all examples of .
core members of innovation management systems

- a. internal sources for new-product ideas**
- b. research and development team members
- c. external sources for new-product ideas
- D. NOTA**

133. Your firm wants to use external sources for new product ideas. After consulting with a friend you learn that all of the following are common external sources except .

- a. competitors suppliers trade
- b. shows and magazines
- c. the firm's executives**
- d. customers

134. ABC has just brainstormed a large number of ideas for adding new products and services after visiting several buying fairs. The owners will begin the first idea-reducing stage, called , to arrive at a realistic number to adopt.

- a. idea generation
- b. concept development
- c. product concept
- d. idea screening**

135. In the concept testing stage of new-product development, a product concept in form is presented to groups of target consumers.

- a. final commercial
- b. prototype
- c. physical or symbolic**
- d. market- tested

136. After concept testing, a firm would engage in which stage in developing and marketing a new product?

- a. marketing strategy development**
- b. idea screening
- c. product development test marketing
- d. business analysis

137. During which stage of new-product development is management most likely to estimate minimum and maximum sales to assess the range of risk in launching a new product?

- a. marketing strategy development
- b. business analysis**
- c. test marketing
- d. concept testing

138. In the stage of new-product development, products often undergo rigorous tests to make sure that they perform safely and effectively or that consumers will find value in them.

- a. concept development and testing
- b. product development**
- c. business analysis idea generation
- d. marketing mix

139. Under what circumstances might it be wise for a company to do little or no test marketing?

- a. When management is not sure of the marketing program.
- b. When the costs of developing and introducing the product are low.**
- c. When the product has no substitutes and is new in its category.
- d. When management is not sure of the product.

140. The major purpose of test marketing is to provide management with the information needed to make a final decision about .

- a. whether to launch the new product b. which market to compete in how to
c. develop a market strategy d. how long to compete in the market

141. Which of the following costs is most likely associated with the commercialization stage of new-product development?

- a. paying groups of target consumers for product feedback
b. developing a prototype of the product identifying
c. target markets

d. building or renting a manufacturing facility

142. Which of the following is necessary for successful new-product development?

- a. a market pioneer mindset and a holistic approach

b. a customer- centered, team-based, systematic approach

- c. an innovation management system and sequential product development
d. a team-based, innovation-management approach a holistic and sequential product development approach

143. Increasing profits will most likely occur at which stage of the PLC?

- a. Introduction **b. Growth** c. Maturity d. Decline

145. Which of the following cannot be described by the PLC concept?

- a. product form b. style **c. product image** d. brand

146. The PLC concept can be applied by marketers as a useful framework for describing how.

- a. Product ideas are developed **b. Products and markets work**
c. To develop marketing strategies d. Concept testing is conducted

147. In the stage, the firm faces a trade-off between high market share and high current profit.

- a. maturity b. Introduction **c. Growth** d. Decline

148. In which stage of the PLC will promotional expenditures be high in an attempt to react to increasing competition?

- a. decline b. maturity c. Introduction **d. Growth**

149.. Which stage in the PLC normally lasts longer and poses strong challenges to the marketing managers?

- a. decline **b. maturity** c. Introduction d. Growth

150. Most products in the marketplace are in the stage of the product life cycle.

- a. maturity** b. decline c. Introduction d. Growth

151. Sales decline in the decline stage of the PLC because of technological advances, increased competition, and .

- a. shifts in the economy
b. shifts in consumer tastes and preferences
c. new market pioneers shifts in unemployment marketing
d. mix modifications

152. A manufacturer with a product in the decline stage of the product life cycle might decide to if it has reason to hope that competitors will leave the industry.

- a. harvest the product **b. maintain the product without change**
c. drop the product search for replacements D. NOTA

153. Mattel's Barbie is an example of an age-defying product. Barbie, simultaneously timeless and trendy, is in the stage of the PLC.

- a. Growth b. Introduction **c. Maturity** d. Decline

154. Schmidt Steel Corporation lacks the confidence, capital, and capacity to launch its new steel product into full national or international distribution. Even though test market results look promising, what will be management's next step?

- a. seek the help of a nationally known consultant retest the product in additional markets
b. secure a loan to provide confidence, capital, and capacity
c. develop a prototype

d. develop a planned market rollout over time

155. A company getting ready to launch a new product must make several decisions. However, the company must first decide on .

- a. whether to launch the product in a single location
b. whether to launch the product in a region
c. whether to launch the product into full national or international distribution

d. timing of the new product introduction

156. Marketers need to position their brands clearly in target customers' minds. The strongest brands go beyond attributes or benefit positioning. On which of the following basis the products are positioned?

- a. Desirable benefit **b. Good packaging**
c. Strong beliefs and values d. Customer image

157. The purpose of idea generation is to create a _ of ideas. The purpose of succeeding stages is to that number.

- a. Small number; reduce b. Small number; increase
c. Large number; increase **d. Large number; reduce**

158. During which phases of the product life cycle are costs thought to be low on a per customer basis?

- a. Maturity and Decline.** b. Growth and Maturity.
c. Product Development and Introduction. d. Introduction and Growth.

159. During which stage of the product life cycle does the company attempt to maximize market share?

- a. Introduction b. Decline **c. Growth** d. Maturity

160. During which stage of the product life cycle does a company seek to build selective distribution?

- a. Introduction** b. Decline c. Growth d. Maturity

OTHER IMPORTANT MCQs OF MARKETING

1. Good marketing is no accident, but a result of careful planning and .

- a. execution** b. selling c. strategies d. research

2. Marketing management is .

- a. managing the marketing process
b. Monitoring the profitability of the company's products and services
c. The art and science of choosing target markets and getting, keeping, and growing customers through creating, delivering, and communicating superior customer value

d. Developing marketing strategies to move the company forward

3. Chimney Sweeps employs people to clean fire places and chimneys in homes and apartments. The firm is primarily the marketer of which one of the following?

- a. An image **b. A service** c. A good d. An idea

4. Marketers often use the term to cover various groupings of customers.

- a. People b. buying power c. Demographic segment **d. Market**

5. The concept holds that consumers and businesses, if left alone, will ordinarily not buy enough of the organization's products.

- a. Production **b. selling** c. marketing d. Holistic marketing

6. Which of the following would be the best illustration of a subculture?

- a. A religion.** b. A group of close friends.
c. Your university. d. Your occupation.

7. The buying process starts when the buyer recognizes a .

- a. Product b. an advertisement for the product
c. a salesperson from a previous visit **d. problem or need**

8. If actual performance exceeds the expected performance of the product, Then customer is

- a. Satisfied b. Dissatisfied
c. Delighted d. Neutral

9. Bread and milk are which kind of products?

- a. Specialty Products **b. Convenience products**
c. Shopping products d. Unsought products

10. Parents buy toys for their children act as in the buying process.

- a. Decider b. Buyer
c. Maintainer **d. All of the above**

11. If a firm is practicing , the firm is training and effectively motivating its customer-contact employees and all of the supporting service people to work as a team to provide customer satisfaction.

- a. double-up marketing b. interactive marketing
c. service marketing **d. internal marketing**

12. A cluster of complementary goods and services across diverse set of industries is called as

- a. Market place **b. Meta market**
c. Market space d. Resource Market

13. Adding new features to a product is advocated by which of the approaches?

- a. Product Approach** b. Production Approach
c. Marketing Approach d. Selling Approach

14. One of the key tasks of marketers is and to create consumer perceptions that the product is worth purchasing.

- a. To make products easily visible and available
b. To promote sales of products
c. To differentiate their products from those of competitors

d. To do marketing surveys

15. What is the last stage of the consumer decision process?

- a. problem recognition
- b. **post purchase behavior**
- c. alternative evaluation
- d. purchase

16. markets are made up of members of the distribution chain.

- a. Consumer
- b. Business-to-business (industrial)
- c. **Channel**
- d. Institutional

17. Which of the following is considered a "key player" in the marketing industry?

- a. marketer
- b. suppliers or vendors
- c. distributors or retailers
- d. **all of the above**

18. Marketing Mix is the most visible part of the marketing strategy of an organization.

- a. **True**
- b. False

19. Businesses spend most of their advertising rupees on business-to-business markets.

- a. True
- b. **False**

20. A transaction in which the organization is making an initial purchase of an item to be used to perform a new job refers to which of the following purchases?

- a. Straight rebuy purchase
- b. Delayed purchase
- c. **New-task purchase**
- d. Modified rebuy purchase

21. markets include a wide variety of profit and nonprofit organizations, such as hospitals, government agencies, and schools, which provide goods and services for the benefit of society.

- a. Consumer
- b. Business-to-business (Industrial)
- c. Reseller
- d. **Institutional**

22. Which of the following is NOT considered a type of reseller?

- a. wholesaler
- b. retailer
- c. **manufacturer**
- d. distributor

23. The promotion "P" of marketing is also known as .

- a. Product Differentiation
- b. Distribution
- c. Cost
- d. **Marketing Communication**

24. When a company distributes its products through a channel structure that includes one or more resellers, this is known as .

- a. **Indirect marketing**
- b. direct marketing
- c. multi-level marketing
- d. integrated marketing

25. In marketing theory, every contribution from the supply chain adds to the product.

- a. **value**
- b. costs
- c. convenience
- d. ingredients

26. Institutional markets consist of people who buy products and services for personal use.

- a. True
- b. **False**

27. Listing alternatives that will solve the problem at hand and determining the characteristics of each occurs during which stage of the final consumer's decision process?

- a. Information search
- b. Purchase

c. Evaluation of alternatives**d. Post purchase**

28. The act of trading a desired product or service to receive something of value in return is known as which key concept in marketing?

- a. product
- b. **exchange**
- c. production
- d. customer

29. The most basic level of a product is called the:

- a. **core product.**
- b. central product.
- c. fundamental product.
- d. augmented product.

30. Anything that can be offered to a market for attention, acquisition, use, or consumption that might satisfy a want or need is called a(n):

- a. idea.
- b. demand.
- c. **product.**
- d. service.

31. In consumers may share a strong need that cannot be satisfied by an existing product.

- a. negative demand
- b. **latent demand**
- c. declining demand
- d. irregular demand

32. Marketing is both an "art" and a "science" there is constant tension between the formulated side of marketing and the side.

- a. **creative**
- b. selling
- c. management
- d. behavior

33. Mr. Lopez buys goods and services for use in the production of products that are sold and supplied to others. Mr. Lopez is involved in .

- a. consumer buying behavior
- b. post-purchase dissonance
- c. retail buyer behavior
- d. **business buyer behavior**

34. The four unique elements to services include:

- a. Independence, intangibility, inventory, and inception
- b. Independence, increase, inventory, and intangibility
- c. **Intangibility, inconsistency, inseparability, and inventory**
- d. Intangibility, independence, inseparability, and inventory

35. Convenience products usually have intensive distribution because sales of these products tend to have a direct relationship to availability.

- a. **True**
- b. False

36. The holds that the organization's task is to determine the needs, wants, and interests of target markets and to deliver the desired satisfactions more effectively and efficiently than competitors in a way that preserves or enhances the consumer's and the society's wellbeing.

- a. customer-centered business
- b. focused business model
- c. **societal marketing concept**
- d. ethically responsible marketing

37. A change in an individual's behavior prompted by information and experience refers to which one of the following concept?

- a. **Learning**
- b. Role selection
- c. Perception
- d. Motivation

38. Holistic marketers achieve profitable growth by expanding customer share, , and capturing customer lifetime value.

- a. undermining competitive competencies
c. milking the market for product desires

- b. building customer loyalty**
d. renewing a customer base

39. pricing is the approach of setting a low initial price in order to attract a large number of buyers quickly and win a large market share.

- a. Market-skimming
c. Market-penetration
b. Value-based
d. Leader

40. While buying milk which kind of behavior is displayed by a person?

- a. Extensive problem solving behavior
c. Variety seeking behavior
b. Routinized buying behavior
d. None of the above

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 c. Perception
 b. Role selection
 d. Motivation

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 c. milking the market for product desires
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 b. Value-based
 d. Leader

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- a. Extensive problem solving behaviour
 c. Variety seeking behaviour
b. Routinized buying behaviour
 d. None of the above

61. Whether to sell via intermediaries or directly to consumers, how many outlets to sell through, and whether to control or cooperate with other channel members are examples of decisions marketers must make about

- a. Promotion
- b. Price
- c. **Distribution**
- d. Product

62. The extended Ps of service marketing mix are :

- a. People, Product, Place
- b. Price Physical Evidence, Promotion
- c. **Physical Environment, Process, People**
- d. Product, Process, Physical Environment

63. A social and managerial process by which individuals and organizations obtain what they need and want through value creation refers to which one of the following concepts?

- a. Selling
- b. Advertising
- c. Barter
- d. **Marketing**

64. What is the basic property of a service which makes it different from a product.

- a. Shape
- b. Size
- c. Very expensive
- d. **Intangibility**

65. Which one of the following phrases reflects the marketing concept?

- a. The supplier is a king in the market
- b. Marketing should be viewed as hunting not gardening
- c. This is what I make, won't you please buy it?
- d. **This is what I want, won't you please make it?**

66. The task of any business is to deliver at a profit.

- a. customer needs
- b. **customer value**
- c. products and services
- d. improved quality

67. The solution to price competition is to develop a differentiated:

- a. product, price, and promotion.
- b. **offer, delivery, and image.**
- c. package and label.
- d. international Web site.

68. Red Cross blood donations are considered to be specialty products and, therefore, have a specialty offer to the consumer.

- a. True
- b. **False**

69. You purchase cleaning supplies for your custodial help regularly. It is showing which buying situation?

- a. Modified rebuy
- b. **Straight rebuy**
- c. Modified straight rebuy
- d. Consumer buy

70. Internal marketing is marketing by a service firm to train and effectively motivate its customer-contact employees and all the supporting service people to work as a team to provide customer satisfaction.

- a. **True**
- b. False

71. Customer's evaluation of the difference between all the benefits and all the costs of a marketing offer relative to those of competing offers refers to which of the following options?

- a. Customer perceived value
- b. Marketing myopia
- c. Customer relationship management
- d. **Customer satisfaction**

72. Buying goods and services for further processing or for use in the production process refers to which of the following markets?

a. Consumer markets

c. Business markets

b. Government markets

d. International markets

73. The packaging concept states what the package should be or do for the product.

a. True

b. False

74. Marketing managers should adapt the marketing mix to constantly monitor value changes and differences in both domestic and global markets.

a. Sales strategies

c. Cultural values

b. Marketing concepts

d. Brand images

75. Resellers may actually take ownership of the product and participate in the marketing, including the advertising.

a. True

b. False

76. The materials and ingredients used in producing the product are obtained from other companies who are referred to as distributors.

a. True

b. False

77. The refers to the various companies that are involved in moving a product from its manufacturer into the hands of its buyer.

a. distribution chain

c. supply chain

b. network chain

d. promotion network

78. is the study of how individuals, groups, and organizations select, buy, use, and dispose of goods, services, ideas, or experiences to satisfy their needs and wants.

a. Target marketing

c. Product Differentiation

b. Psychographic segmentation

d. Consumer behavior

79. A person's consist(s) of all the groups that have a direct (face-to-face) or indirect influence on his/her attitudes or behavior.

a. culture

c. psychographics

e. demographics

b. subculture

d. reference groups

80. Product choice is greatly affected by economic circumstances. All of the following would be among those circumstances EXCEPT .

a. spendable income

c. debts

e. borrowing power

b. savings and assets

d. occupation

81. is a set of distinguishing human psychological traits that lead to relatively consistent and enduring responses to environmental stimuli.

a. Image

c. Beliefs

e. Culture

b. Personality

d. Heredity

82. portrays the "whole person" interacting with his or her environment.

a. Attitude

c. Lifestyle

e. Subculture

b. Reference group

d. Culture

83. A when it is aroused to a sufficient level of intensity.

a. need becomes a motive

c. desire becomes a reality

e. personal demand exceeds the ability to rationally reject

b. motive becomes a need

d. unfulfilled demand becomes a crisis

84. The five-stage model of the consumer buying process includes all of the following stages EXCEPT .

- a. problem recognition
- b. information search
- c. **social interaction**
- d. purchase decision

85. If performance meets consumer expectations, the consumer is _.

- a. delighted
- b. **satisfied**
- c. disappointed
- d. surprised.

86. The primary purpose of marketing activities is to facilitate and encourage exchange transactions with potential customers.

- a. **True**
- b. False

87. Merchant wholesalers sell goods and services directly to final consumers for their personal, non-business use.

- a. True
- b. **False**

88. A service can be defined as "any activity or benefit that one party can offer another that is essentially intangible and that does not result in the ownership of anything."

- a. **True**
- b. False

89. The intangible nature of many services can create unique challenges for marketers.

- a. **True**
- b. False

90. Auction sites, such as eBay, QXL are examples of Consumer-to-Consumer (C2C) channels.

- a. **True**
- b. False

91. Product planners need to think about products and services on three levels. Each level adds more customer value. Which one of the following is the most basic level that addresses the question, "What is the buyer really buying?"

- a. Actual product
- b. Augmented product
- c. **Core benefit**
- d. Co-branding

92. The mental act, condition or habit of placing trust or confidence in another shows which of the following options?

- a. Motive
- b. Belief
- c. Behavior
- d. **Attitude**

93. How do consumers respond to various marketing efforts the company might use? What is a starting point of a buyer's behavior?

- a. Belief
- b. Subculture
- c. Post purchase feeling
- d. **Stimulus-response Model**

94. Which one of the following factor relates to family that influences consumer behavior?

- a. Cultural
- b. **Social**
- c. Personal
- d. Business

95. Unique psychological characteristics that lead to relatively consistent and lasting responses to one's own environment refers to which one of the following?

- a. **Belief**
- b. Culture
- c. Personality
- d. Self-awareness

96. Which one of the following statements by a company chairman BEST reflects the marketing concept?

- a. **We have organized our business to satisfy the customer needs**
- b. We believe that marketing department must organize to sell what we produce

- c. We try to produce only high quality, technically efficient products
- d. We try to encourage company growth in the market

97. Which one of the following is a key to build lasting relationships with consumers?

- a. Price of the product
- b. Need recognition
- c. Customer satisfaction**
- d. Quality of product

98. The factors such as the buyer's age, life-cycle stage, occupation, economic situation, lifestyle, personality and self-concept that influences buyer's decisions refers to which one of the following characteristic?

- a. Personal characteristics
- b. Psychological characteristics
- c. Behavioral characteristics
- d. Demographical characteristics**

99. A is someone seeking a response (attention, a purchase, a vote, a donation) from another party, called the .

- a. salesperson, customer**
- b. politician, voter
- c. marketer, prospect
- d. celebrity, audience

100. Companies selling mass consumer goods and services such as soft drinks, cosmetics, air travel, and athletic shoes and equipment spend a great deal of time trying to establish a superior brand image in markets called:.

- a. business markets
- b. global markets
- c. consumer markets**
- d. nonprofit and governmental markets
- e. service markets

101. The is practiced most aggressively with unsought goods, goods that buyers normally do not think of buying, such as insurance, encyclopedias, and funeral plots.

- a. marketing concept
- b. selling concept**
- c. production concept
- d. product concept
- e. holistic marketing concept

102. The concept holds that consumers will favor those products that offer the most quality, performance, or innovative features.

- a. product**
- b. marketing
- c. production
- d. selling
- e. holistic marketing

103. . marketing has the aim of building mutually satisfying long-term relations with key parties such as customers, suppliers, distributors, and other marketing partners in order to earn and retain their business.

- a. Holistic
- b. Demand-based
- c. Direct Relationship**
- d. Synthetic

104. One traditional depiction of marketing activities is in terms of the marketing mix or four Ps. The four Ps are characterized as being .

- a. product, positioning, place, and price
- b. product, production, price, and place
- c. promotion, place, positioning, and price
- d. place, promotion, production, and positioning
- e. product, price, promotion, and place**

105. David Packard of Hewlett-Packard once said, "Marketing is far too important to leave to

- a. uninformed managers
- b. novices
- c. the CEO
- d. the marketing department**

106. The traditional view of marketing is that the firm makes something and then it.

- a. markets
- b. sells**

c. distributes
e. services

d. prices

107. is the single factor that best indicates social class.

a. Time

b. Money

c. Occupation

d. Fashion

108. Marketing strategies are often designed to influence and lead to

a. profitable exchanges.

b. Consumer decision making

c. Sales strategies

d. Advertising strategies

e. Export strategies

109. refers to the information a consumer has stored in their memory about a

a. product or service.

b. Cognitive dissonance

c. Product knowledge

d. Product research

e. Marketing research

110. When consumers are seeking low-involvement products, they are unlikely to engage in extensive search, so is important.

a. Order processing

b. Order booking

c. Ready availability

d. Information about warranty

111. constitutes moderate consumer behavior, but still involves time and effort searching for and comparing alternatives.

a. Limited decision making

b. Need recognition

c. Routine decision making

d. Post purchase evaluation

112. Experimental sources of information for consumers refer to .

a. Advertising, marketing, selling, and profit making

b. Handling, examining, and trying the product while shopping

c. Buying after a demonstration

d. Buying the product directly from a manufacturer

113. Which of the following is NOT one of the four philosophies of marketing?

a. production orientation

b. societal marketing orientation

c. sales orientation

d. promotion orientation

114. Of the four competing philosophies, the Furniture Industry is an example of what kind of orientation:

a. Sales Orientation

b. Societal Marketing Orientation

c. Marketing Orientation

d. Production Orientation

115. Marketing is defined by the American Marketing Association as the activity, set of institutions, and processes for , , and offerings that have value for customers, clients, partners, and society at large.

a. Making, Arranging, Maintaining and Selling

b. Creating, Communicating, Delivering, and Exchanging

c. Creating, Advertising, Selling, and Transferring

d. Performing, Displaying, Offering, and Exchanging

116. The focus of marketing today is .

a. Value and Satisfaction

b. Quality and Long Term Relationships

c. All of the Above

d. None of the Above

117. Which of the following firms emphasizes on product's benefits to the customers rather product attributes?

- a. Product oriented
- c. Sales oriented

- b. Market oriented**
- d. Production oriented

118. Products that are usually purchased due to adversity and high promotional back up rather than desire are called:

A. Sought goods

B. Unique goods

C. Unsought goods

D. Preferred goods

119. Which product is MOST likely to be purchased through routine decision making?

A. Television set

B. Soft drink

C. Shirt

D. Car

120. Luxury products, such as Rolex watches, are also known as:

A. Shopping product

B. Convenience product

C. Emergency product

D. Specialty product

121. Which of the following is NOT included as a basic idea in the definition of marketing concepts?

A. Total company effort

B. Profit

C. Productivity

D. Customer satisfaction

122. Which of the following is the most recent stage of marketing evolution?

A. Marketing department era

B. Production era

C. Sales era

D. Marketing company era

123. Which of the following is NOT included as a basic idea in the definition of marketing concepts?

A. Total company effort

B. Profit

C. Productivity

D. Customer satisfaction

124. is defined as the difference between the benefits a customer sees from a market offering and the costs of obtaining those benefits.

A. Customer value

B. Satisfaction scale

C. Profit margin

D. Competitive benefit

125. Which of the following is NOT included in the marketing management process used by the marketing manager to achieve its objectives?

A. Planning marketing activities

B. Raising funds to finance the marketing projects

C. Controlling marketing plans

D. Directing implementation of the marketing plans

126. A channel of distribution is any series of firms (or individuals) who participate in the flow of products to final user or customer.

a. True

b. False.

127. is defined as communication with large numbers of customers at the same time.

a. Personal selling

b. Sales promotion

c. Mass selling

d. All of the above

128. The marketing concept applies to production firms, but not to service industries.

a. True

b. False

129. In a orientation, the role of marketing research is to determine customer needs and how well the company is satisfying them.

a. Marketing

b. Production

c. Both of the above

d. None of the above

130. The marketing concept means that an organization aims the majority of its efforts at satisfying customers, at a profit.

- a. True **b. False**

131. When a manager focuses on making whatever products are easy to produce, and then trying to sell them, that manager has a orientation.

- a. Marketing **b. Production**
c. Sales d. Profit

132. Which of the following is NOT consistent with a manager having a marketing orientation?

- a. Inventory levels are set with customer requirements and costs in mind
b. Customer relationship focuses on customer satisfaction before and after sale, leading to a profitable long-run relationship
c. Focus of advertising is on product features and how products are made
d. Packaging is designed for customer convenience and as a selling tool

133. Often, the best way to improve customer value, and beat the competition, is to be first to satisfy a need that others have not even considered.

- a. True **b. False**

134. It is more costly to retain current customers by satisfying their needs, than to get new customers by taking them away from a competitor.

- a. True **b. False**

135. In addition to businesses, the marketing concept is also applicable to .

- a. Government agencies **b. Religious groups**
c. Fine arts organizations **d. All of the above**

136. The controllable variables a company puts together to satisfy a target group is called the.

- a. Marketing strategy **b. Marketing mix**
c. Strategic planning d. Marketing concept

137. In order for exchange to occur:

- a. a complex societal system must be involved.
b. organized marketing activities must also occur.
c. a profit-oriented organization must be involved.
d. each party must have something of value to the other party.

138. Four competing philosophies strongly influence the role of marketing and marketing activities within an organization. Which if the following is not a component of market orientation?

- a. Customer orientation. **b. Profitability orientation.**
c. Marketing orientation. d. Competitor orientation.

139. A market orientation recognizes that:

- a. price is the most important variable for customers.
b. market intelligence relating to current and future customer needs is important.
c. selling and marketing are essentially the same thing.
d. sales depend predominantly on an aggressive sales force.

140. When customer expectations regarding product quality, service quality, and value-based price are met or exceeded, is created.

- a. customer satisfaction** b. planning excellence
c. a quality rift d. a value line

141. A critical marketing perspective is the process of determining:

- a. the value of a product, person, or idea.
- b. how places compete with each other.
- c. the worth and impact of marketing activities.**
- d. which type of promotional strategy works best.

142. The way in which the product is delivered to meet the customers' needs refers to:

- a. new product concepts and improvements.
- b. selling.
- c. advertising and promotion activities.
- d. place or distribution activities.**

143. The term 'marketing mix' describes:

- a. a composite analysis of all environmental factors inside and outside the firm.
- b. a series of business decisions that aid in selling a product.
- c. the relationship between a firm's marketing strengths and its business weaknesses.
- d. a blending of strategic elements to satisfy specific target markets.**

144. Newsletters, catalogues, and invitations to organization-sponsored events are most closely associated with the marketing mix activity of:

- a. Pricing
- b. Distribution
- c. Product development
- d. Promotion**

145. Which of the following is not an element of the marketing mix?

- a. Distribution.
- b. Product.
- c. Target market.**
- d. Pricing.

146. In relationship marketing firms focus on relationships with .

- a. short-term; customers and suppliers
- b. long-term; customers and suppliers**
- c. short-term; customers
- d. long-term; customers

147. A further 3Ps are incorporated into the marketing mix:

- a. physical evidence, process and price.
- b. process people and promotion.
- c. physical evidence, people and production.
- d. physical evidence, process and people.**

148. A marketing philosophy summarized by the phrase 'a stronger focus on social and ethical concerns in marketing' is characteristic of the period.

- a. production
- b. sales
- c. marketing
- d. societal marketing**

149. Which of the following statements is correct?

- a. Marketing is the term used to refer only to the sales function within a firm.
- b. Marketing managers don't usually get involved in production or distribution decisions.
- c. Marketing is an activity that considers only the needs of the organization; not the needs of society as a whole.
- d. Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.**

150. The term marketing refers to:

- a. new product concepts and improvements.
- b. advertising and promotion activities.
- c. a philosophy that stresses customer value and satisfaction.**
- d. planning sales campaigns.

151. Which of the following involves designing and manufacturing the container or wrapper for a product?
- a. Labeling
 - b. **Packaging**
 - c. Branding
 - d. Product line
152. The basic role of promotion is .
- a. Information
 - b. Manipulation
 - c. **Communication**
 - d. Interpretation
153. If the aim of the promotion to introduce a new consumer product is to achieve high awareness levels, the firm will most likely make heavy use of in the promotional mix.
- a. **Advertising**
 - b. Sales promotion
 - c. Personal selling
 - d. Publicity
154. A consumer contest is an example of .
- a. Personal selling
 - b. **Sales promotion**
 - c. Advertising
 - d. Indirect selling
155. Advertising appropriations are largest for which type of product?
- a. Industrial products
 - b. **Convenience goods**
 - c. High-priced products
 - d. Specialty goods
156. A television advertisement showing the safety features of the Volvo 240 DL would be best classified as which of the following?
- a. **Product advertising**
 - b. Pioneer advertising
 - c. Defensive advertising
 - d. Societal marketing
157. Need becomes when they are directed towards a specific object.
- a. Actual need
 - b. **Want**
 - c. Satisfaction
 - d. Demand
158. Which of the following BEST describes the consumer's preference for products that are widely available to them?
- a. **Production concept**
 - b. Marketing concept
 - c. Selling concept
 - d. Product concept
159. Buying and selling of mass consumer goods and services comes under which of the following markets?
- a. Business markets
 - b. Global markets
 - c. **Consumer markets**
 - d. Government markets
160. Which one of the following BEST describes the human need?
- a. **Food**
 - b. French-fries
 - c. Burger
 - d. Pizza
161. Which of the following firms emphasis on product's benefits to the customers rather than on
- a. product attributes.
 - b. Product oriented
 - c. **Market oriented**
 - d. Sales oriented
162. All of the following are the examples of unsought goods EXCEPT:
- a. **Course books**
 - b. Encyclopedia
 - c. Funeral plots
 - d. Insurance policy

163. While considering the place for a product which of the following is important for customer.

- a. Communication
- b. Convenience
- c. Cost
- d. Solution

164. Market-oriented firms focus on:

- a. Retailers
- b. Distributors
- c. Customers
- d. Wholesalers

165. Price is the only element in the marketing mix that produces:

- a. Fixed cost
- b. Expense
- c. Variable cost
- d. Revenue

166. Identify the products that the customer usually buys frequently and with a minimum of comparison and buying effort.

- a. Specialty
- b. Convenience
- c. Unsought
- d. Augmented

167. Which of the following is NOT included in product decisions?

- a. Styling
- b. Brand name
- c. Warehousing
- d. Packaging

168. Which of the following takes place at retailer's end?

- a. Promotion
- b. Placing
- c. Pricing
- d. Exchange

169. Aggressive selling is a characteristic of which of the following concept of marketing? Select correct option:

- a. Production concept
- b. Marketing concept
- c. Selling concept
- d. Product concept

170. Which of the following is a name, term, sign, symbol, design, or a combination of these, that identifies that maker or seller of a product or service?

- a. Label
- b. Co-brand
- c. Brand
- d. Product

171. The consumer's estimate of the product's overall capacity to satisfy his or her needs is called:

- a. Product Cost
- b. Product Value
- c. Product need
- d. Product Satisfaction

172. According to the text, a product is

- a. everything the customer receives in an exchange.
- b. the physical object the customer receives in an exchange.
- c. the service that is rendered to a customer.
- d. the idea that the customer receives in an exchange.

173. An example of a convenience consumer product is stereo equipment.

- a. petrol.
- b. a motorcycle.
- c. a bicycle.
- d. athletic shoes.

174. Which one of the following is NOT an industrial product?

- a. oil to be refined into fuel for homes
- b. transistors used as components for portable radios

c. paper, pens, and glue used in bank branch offices

d. computer software to help people complete personal tax forms

175. AL Nath called several airlines to compare rates and chose a flight on British Midland as it had a better reputation for service and competitive prices. The airline ticket is an example of which type of product?

A) convenience

B) shopping

C) specialty

D) unsought

176. Products that are relatively inexpensive and are purchased frequently with minimal effort can be classified as products.

a. shopping

b. convenience

c. industrial

d. specialty

177. Large tools and machines used in a production process for a considerable length of time are classified as

a. major equipment.

b. accessory equipment.

c. component parts.

d. raw materials.

178. Items that are purchased routinely, do not become part of the final physical product, and are treated like expense items rather than capital goods are called

a. raw materials.

b. major equipment.

c. accessory equipment.

d. component parts.

179. Products that are used directly in the production of a final product but are not easily identifiable are categorized as

a. accessory products.

b. component parts.

c. consumable supplies.

d. process materials.

180. Industrial products are

A. purchased for personal consumption.

B. frequently purchased for both their functional aspects and their psychological rewards.

C. traditionally classified according to their characteristics and intended uses.

D. not purchased by non-business organisations.

181. A company designs the product with little or no input from customers, the company is practicing which of the following concept?

a. Product concept

b. Marketing concept

c. Selling concept

d. Production concept

182. Which of the following 4Ps of marketing mix involves decisions regarding channels coverage, assortments, locations, inventories or transports?

a. Product

b. Price

c. Place

d. Promotion

183. Which of the following is NOT a part of marketing communication mix?

a. Telemarketing

b. Public relations

c. Sales promotion

d. Advertising

187. The identifies the product or brand.

a. Container

b. Label

c. Advertisement

d. Warranty

188. A(n) product exceeds customer expectations.

- a. Strategic
- b. Superior
- c. **Augmented**
- d. Anticipated

189. Which of the following are products and services bought by final consumers for personal consumption? These include convenience products, shopping products, specialty products, and

- a. unsought products.
- b. Material and parts
- c. **Consumer products**
- d. Industrial products

190. The skimming, penetration, bargaining and bundling are decided in the of the Marketing Mix strategy.

- a. **Price Decisions**
- b. Place Decisions
- c. Product Decisions
- d. Promotion Decisions

191. Low Consumer involvement in purchase and little significant brand difference comes in which types of buying behaviors.

Complex	buying	behavior
Dissonance-reducing	buying	behavior
Habitual	buying	behaviors

Variety-seeking buying behaviors

192. Distribution of product to get it in the marks refers to which of the following activities?

- a. Selling Activities
- b. Advertising activities
- c. Promotion Activities
- d. **Place or distribution activities**

193. How many stages are involved in the consumer buying / adoption process?

- a. Six
- b. Seven
- c. Three
- d. **Five**

194. Which one of the following factor relates to family that influences consumer behavior?

- a. Cultural
- b. Social
- c. **Personal**
- d. Business

195. "Buy it now" refers to which one of the following options?

- a. **Personal selling**
- b. Advertising
- c. Sales promotion
- d. Publicity

196. At least how many parties should be included in "Exchange"?

- a. **Two**
- b. Three
- c. Four
- d. Five

197. The buyer decision process consists of five stages. Which of the following is NOT one of these stages?

- a. Evaluation of Alternatives
- b. Information search
- c. **Variety-seeking buying behavior**
- d. Post purchase behavior

198. You are planning to install a steel manufacturing plant in your city. For that purpose you want to have a supplier who supplies you the steel in raw form for manufacturing. Here supplier supplies you which of the following form of industrial product?

- a. **Material and parts**
- b. Capital items
- c. Supplies and services
- d. None of the given options

199. "How are you telling consumers in your target group about your product" This question belongs to which marketing concept?

- a. Product b. Price c. Place **d. Promotion**

200. A transaction in which the organization is making an initial purchase of an item to be used to perform a new job refers to which of the following purchases?

- a. Straight rebuy purchase b. Delayed purchase
c. New-task purchase d. Modified rebuy purchase

MARKETING MANAGEMENT

1. Which of the following is not the element of promotion-mix?

- a) Advertising, b) Place,
c) Personal selling, d) Publicity.

Ans : b

2. Which of the following is in correct order?

- a) Product, Place, Promotion and Price b) Product, Promotion, Place and Price
c) Product, Price, Promotion and Place d) Product, Price, Place and Promotion.

Ans : c

3. Which of the demographic variables is not used by marketers for demographic segmentation?

- a) Gender, b) Age,
c) Occupation, d) Poverty.

Ans : d

4. At which stage of the new product development, the launching of new product will take place -

- a) Business analysis, b) Test marketing,
c) Commercialization, d) Marketing strategy development.

Ans : c

5. In a company uses its company name for its entire range of products offered, then it is called:

- a) Private branding, b) Corporate branding,
c) product-line branding, d) Specific product branding.

Ans : b

6. One-level channel of distribution consists of:-

- a) producer-consumer, b) producer-dealer-consumer,
c) producer-dealer-retailer-consumer, d) producer-dealer-wholesaler-retailer-consumer.

Ans : a

7. The primary role of a production manager is:-

- a) to meet the production target and delivery schedule
b) to produce goods / services of right quality
c) to produce goods / services by right quantity at the predetermined time
d) all of the above.

Ans : d

8. Fixed position layout is used when:

- a) The operation requires heavy tools and equipment's
b) The operation requires only hand tools and simple equipment's
c) The continuity of production process is to be maintained
d) None of the above.

Ans : a

9. Which is the element of modern marketing?

- a) It emphasizes mutually of benefit,
- b) It is customer oriented,
- c) It is operational,
- d) All of the above.

Ans : d**10. On-line marketing includes -**

- a) Spatiality on on-line marketing,
- b) Non intrusiveness of on-line advertising,
- c) soft-selling,
- d) All of the above.

Ans : d**11. The marketing concept involves -**

- a) Organization integration,
- b) Competition orientation,
- c) Customer orientation,
- d) all of the above.

Ans : d**12. A brand can be a -**

- a) Product mix,
- b) Product feature,
- c) Product name,
- d) Product utility.

Ans : c**13. Product line covers -**

- a) Departmental stores,
- b) One price retailer,
- c) General retailer,
- d) all of the above.

Ans : d**14. A brand includes -**

- a) Combination of name and symbol,
- b) Design,
- c) Logo or mark,
- d) all of the above.

Ans : d**15. What is the advantage of marketing information system?**

- a) Data warehousing,
- b) Marketing intelligence,
- c) Data mining,
- d) all of the above.

Ans : d**16. Is a new way of performing the task of marketing, made feasible by the advent of new technology, namely the internet.**

- a) Rural marketing,
- b) On-line marketing,
- c) Green marketing,
- d) e-marketing.

Ans : b**17. Modern marketing consists of -**

- a) Marketing and market research,
- b) CRM,
- c) Supply chain management,
- d) all of the above.

Ans : d**18. Market potential is -**

- a) Sales potential,
- b) Industry potential,
- c) Company demand potential,
- d) None of the above.

Ans : b**19. Which is / are the elements of promotion mix?**

- a) Public relations,
- b) Exhibitions and trade fairs,
- c) Personal selling,
- d) all of the above.

Ans : d**20. Who among the following has given two basic qualities of a good salesman which are empathy and persuasion?**

- a) Levitt,
- b) Philip Kotler,
- c) Cundiff,
- d) Govoni.

Ans : b

21. Who quote the statement "Marketing is a human activity directed at satisfying needs and wants through exchange process"?

- a) Philip Kotler
- b) Hansi LV,
- c) Peter F Drucker,
- d) D S Pauler.

Ans : a

22. On-line transaction are especially important for commerce.

- a) C 2 C,
- b) C 2 B,
- c) B 2 B,
- d) all of the above.

Ans : c

23. Electronic Commerce -

- a) is a term popularized by the advent of commercial services on the internet,
- b) includes electronic trading of goods and services,
- c) includes electronic funds transfer and data interchange,
- d) all of the above.

Ans : d

24. Which of the following is false?

- a) Salesmanship is a part of personal selling,
- b) Personal selling is a part of promotion mix,
- c) Promotion mix is a part of marketing mix,
- d) None of the above.

Ans: d

25. Marketing philosophy can be best explained as -

- a) Creating the market and selling products,
- b) Facilitating satisfying exchange relationship with customer,
- c) Distributing products at the right price to market,
- d) Creating demand for profit maximization.

Ans : b

26. All of the following are marketing management tasks except -

- a) marketing planning,
- b) project development and analysis,
- c) coordinating promotion mix,
- d) pricing the product.

Ans : b

27. Which is the task of advertising?

- a) Providing information about the product,
- b) Image building,
- c) Behavior reinforcement,
- d) all of the above.

Ans : d

28. A change in the minimum drinking age in the UK presents a change in which of the following for Kingfisher beverages?

- a) Marketing mix,
- b) Marketing environment,
- c) Marketing task,
- d) Product strategy.

Ans : b

29. The fifth 'P' of marketing has its closeness with -

- a) Product and price,
- b) Price and place,
- c) Product and place,
- d) Product and promotion.

Ans : d

30. AMA stands for -

- a) Asian Management Association,
- b) American Marketing Association,
- c) Asian Marketing Association,
- d) All marketing Activities.

Ans : b

31. Which concept of marketing is product-oriented -

- a) Modern concept of marketing,
- b) Entity concept of marketing,
- c) Old concept of marketing,
- d) New concept of marketing.

Ans : c

32. USP is -

- a) Unique Selling Point,
- c) Unique Sales Product,

- b) Unique Selling Proposition,
- d) Utility Sales Potential.

Ans : b

33. Of the following media, which one is used least frequently by business-to-business marketers?

- a) Direct mail,
- c) Trade publications,

- b) Television,
- d) Personal selling.

Ans : b

34. Which of the following factors are used to understand consumer behaviour?

- a) Motivation,
- c) Learning,

- b) Attitude and beliefs,
- d) all of the above.

Ans : d

35. A paid form of non-personal communication about a product that is transmitted to a target audience through a mass medium is -

- a) Publicity,
- c) Advertising,

- b) Sales promotion,
- d) Personal selling.

Ans : c

36. Which of the following facts is / are true?

- a) B 2 C - Business to Consumer,
- c) C 2 C - Consumer to Consumer,

- b) B 2 G - Business to Government
- d) all of the above.

Ans : d

37. The term 'Marketing Myopia' was coined by -

- a) Philip Kotler,
- c) Theodore Levitt,

- b) Henry Ford,
- d) None of these.

Ans : c

38. FAQs stand for -

- a) Frequently Asked Questions,
- c) Financial Administered Quotations,

- b) Financial Ability Quota,
- d) None of the above.

Ans : a

39. Techniques of sales promotion are -

- a) Free samples and free offers,
- c) Trade credits,

- b) Merchandising,
- d) all of the above.

Ans : d

40. Prices are kept very high in which pricing policy?

- a) Skimming,
- c) Transfer pricing,

- b) Penetration,
- d) Absorption pricing.

Ans : a

41. Product includes -

- a) Ideas,
- c) Place,

- b) Services,
- d) all of these.

Ans : d

42. The schedule and sequence for visiting the outlets in any market is known as a plan.

- a) Coverage,
- c) Beat,

- b) Call,
- d) Visit.

Ans : c

43. The ultimate level of segmentation leads to:

- a) Niche marketing,
c) Local marketing,

Ans : b

- b) Individual marketing,
d) None of the above.

44. Which one is not the element of marketing mix?

- a) Packaging,
c) Distribution,

Ans : d

- b) Price,
d) Quality.

45. Who introduced the 4P's of marketing mix?

- a) Mc Carthy,
c) Levitt,

Ans : a

- b) Philip Kotler,
d) Peter F Drucker.

46. Which one is not the phase of new product development?

- a) Idea screening,
c) Concept testing,

Ans : d

- b) Concept development,
d) Quality control.

47. Price of a shoe is Rs. 299. This is an example of pricing.

- a) Penetration,
c) Cost plus,

Ans : b

- b) Psychological,
d) Skimming.

48. Marketing of anti-cancerous drugs is the example of marketing.

- a) Niche,
c) Multilevel,

Ans : a

- b) Local,
d) Individual.

49. The product is a bundle of that a consumer buys.

- a) Features,
c) Preferences,

Ans : b

- b) Satisfaction,
d) Conveniences.

50. Which one is the first P of marketing mix?

- a) Price,
c) Promotion,

- b) Product,
d) Place.

MOST IMPORTANT MCQs

1. "The concept of marketing mix was developed by -----.

- a. N. H. Borden
c. Stanton

Answer: a

- b. Philip Katter
d. W. Anderson

2. "Many people want BMW, only few are able to buy" this is an example of ...

- a. Need
c. Demand

Answer: c

- b. Want
d. Status

3. is the act of obtaining a desired object from someone by offering something in return.

- a. Marketing Myopia
c. Exchange

Answer: c

- b. Selling
d. Delivery

4. It's combination of quality, service & price

- a. Marketing Triad
c. Customer Satisfaction Triad

Answer: b

- b. Customer Value Triad
d. Service Quality Triad

5. model is highly firm centric, where the firm believes that the competitive edge lies in its ability to innovate.

- a. Conventional
- b. Contemporary
- c. Competitive
- d. None of the above

Answer: a

6. "Marketing is the activity, set of & processes for creating, communicating, delivering & offerings that have value for customers, clients, partners & society."

- a. Institutions, satisfying
- b. Organizations, exchanging
- c. Institutions, exchanging
- d. Organizations, understanding

Answer: c

7. Involves purchase from various sources & assembled at one place - involves creation & maintenance of the stock of goods purchased & Involves transfer of ownership of the goods

- a. Selling & Buying
- b. Assembling & Selling
- c. Buying & Assembling
- d. Assembling & Buying

Answer: b

8. are the form of human needs take as shaped by culture & individual personality.

- a. Wants
- b. Demands
- c. Needs
- d. Social Needs

Answer: d

9. is want for specific product backed by on ability to pay

- a. Demand
- b. Need
- c. Want
- d. Customer

Answer: a

10. This of the following is not a type of Marketing Concept:

- a. The production concept
- b. The selling concept
- c. The societal marketing concept
- d. The Supplier Concept

Answer: d

11. "Get out production, cut the price"- Philosophy by Henry Ford is an example of...

- a. Marketing Concept
- b. Selling Concept
- c. Production Concept
- d. Product Concept

Answer: c

12. is the father of Modern Marketing.

- a. Peter Drucker
- b. Philip Kotler
- c. Lester Wunderman
- d. Abraham Maslow

Answer: b

13. The term marketing refers to:

- a. Advertising, Sales Promotion, Publicity and Public Relational activities
- b. New product needs ideas, Developments, concepts and improvements.
- c. Sales Planning, Strategy and Implementation
- d. A philosophy that stresses customer value and satisfaction.

Answer: d

14. defined as all psychological, social and physical behaviour of potential customers as they become aware of, evaluate, purchase, consume and tell others about the product and services

- a. Customer Value
- b. Consumer Behavior
- c. Holistic Marketing
- d. Societal Marketing

Answer: b

15. Marketing is a process which aims at -----.

- a. Production
- b. Profit making.
- c. Satisfaction of customer needs
- d. Selling products

Answer: c

16. Marketing management is _____.

- a. developing marketing strategies to move the company forward
- b. managing the marketing process
- c. monitoring the profitability of the company's products and services
- d. the art and science of choosing target markets and getting, keeping, and growing customers through creating, delivering, and communicating superior customer value

Answer: d

17. The most formal definition of marketing is -----.

- a. An organizational function and a set of process for creating, communicating and delivering, value to customers and that benefit the organization.
- b. Improving the quality of life for consumers
- c. Meeting needs profitability
- d. Marketing is an organizational function includes the 4Ps

Answer: a

18. Marketers often use the term _____ to cover various groupings of customers.

- a. buying power
- b. demographic segment
- c. market
- d. people

Answer: c

19. Today, marketing must be understood in a new sense that can be characterized as:

- a. "Get there first with the most."
- b. "Management of youth demand."
- c. "Satisfying customer needs."
- d. "Telling and selling."

Answer: c

20. Marketing is both an "art" and a "science" there is constant tension between the formulated side of marketing and the _____ side.

- a. behavior
- b. creative
- c. management
- d. selling

Answer: c

21.is the major objective of any marketing activity in the world because marketing completes with the real sale of goods and services bought or acquired by the seller or when intermediary has been affected.

- a. Marketing
- b. Selling
- c. Assembling
- d. Transportation

Answer: b

22. It up holds the importance of customer in the whole value creation process. The D.A.R.T highlights this aspect in a vivid manner.

- 1. Contemporary Model
- 2. Conventional Model
- 3. Both a & b
- 4. None of the above

Answer: a

23. Select an appropriate definition of Want

- 1. Consumer Needs
- 2. Needs backed by buying power
- 3. Needs directed to the product
- 4. Basic human requirements

Answer: c

23. The key customer markets consists of

- 1. Government Markets
- 2. Business Markets
- 3. Consumer Markets
- 4. All of the above

Answer: d

24. Definition of Marketing given by Philip Kotler:

- 1. Marketing is the process by which companies create value for customers & build strong customer relationships in order to capture value from customers in return.

2. Marketing is societal process by which individuals & groups obtain what they need & want through creating offering & freely exchanging products & services of value with others.
3. Marketing is the activity, set of institutions & processes for creating, communicating, delivering & exchanging offerings that have value for customers, clients, partners & society at large.
4. None of the above

Answer: a

25. Which of the following statements is the most correct statement?

1. "The delivery of Goods & Services from producers to their ultimate consumers or users includes many different activities. These different activities are known as marketing."
2. Marketing is to ensure that the product is easily & effectively moved from the point of production to the target market & ensures that the product can be easily accessed by customers."
3. Marketing is the activity, set of institutions & processes for creating, communicating, delivering & exchanging offerings that have value for customers, clients, partners & society
4. "Marketing is the last step in the chain of commerce where a buyer exchanges cash for a seller's good or service, or the activity of trying to bring this about."

Answer: c

26. Anything that can be offered to a market for attention, acquisition, use, or consumption that might satisfy a want or need is called a(n):

- a. Demand.
- b. Idea.
- c. Product.
- d. Service

Answer: c

27. This company is well known for Technology innovation, Great value and act as a game changer.

- a. Nokia
- b. Apple
- c. HTC
- d. Samsung

Answer: b

27.buy products &use product.

- a. Consumer & Customers
- b. Customers & Consumer
- c. Buyers & Sellers
- d. Buyers & Customers

Answer: b

28.means classification of standardized product into certain well defined classes or groups."

- a. Gradation
- b. Segmentation
- c. Standardization
- d. Specification

Answer: a

29. Goods are purchased from various places and or sources and assembled at one or sources and assembled at one place to suit the requirement of the buyer is known as.....

- a. Buying
- b. Selling
- c. Assembling
- d. Material Handling

Answer: c

30. is the acquisition of goods and services by the seller or industrial user for the purpose of resale.

- a. Selling
- b. Assembling
- c. Buying
- d. Transportation

Answer: b

31.is establishment of certain standards or specifications for products." It may involve Quality (color, taste, appearance, sweetness, purity) & Quantity (Weight, size, length etc.)

- a. Standardization
- b. Gradation
- c. Product Control
- d. Product Development

Answer: a

32.reflects the sum of the perceived tangible & intangible benefits & costs to customers.

- a. Customer Satisfaction
- b. Customer Value
- c. Customer Delight
- d. None of the above

Answer: b

33. In marketing, the term product:

- a. refers only to tangible items that can be seen, tasted, or touched.
- b. is a broad concept that refers to anything that can be offered for use and consumption, in exchange for money or some other form of value
- c. is limited in meaning to goods, services, and ideas only.
- d. never refers to such things as package design, brand name, or warranty.

Answer: b

34. An organization with several product lines has which one of the following mix that consists of all the product lines and items which a particular seller offers for sale?

- a. Product mix
- b. Brand mix
- c. Consumer mix
- d. Packaging mix

Ans: a

35. Testing before launching a product is known as -----.

- a. Acid test
- b. Concept testing
- c. Market test
- d. Test marketing

Answer: d

36. Launching a product in a small part of the market is called:

- a. Commercialization
- b. Competitive analysis.
- c. Competitive response.
- d. Test marketing

Answer: d

37. Original products, product improvements, product modifications, and new brands that a firm develops through its own research and development efforts are called:

- a. Altered products.
- b. Concept products.
- c. New products.
- d. Supplemental products.

Answer: c

38. Introducing the new product into the market takes place in which stage of the new product development process?

- a. Commercialization
- b. Test marketing
- c. Product development
- d. Marketing strategy

Answer: b

39. Looking at the sales history of similar products and surveying market opinion are tools used at which stage in the new-product development process?

- a. Business analysis
- b. Commercialization
- c. Concept development and testing
- d. Marketing strategy development

Answer: b

40. Presenting new-product ideas to consumers in symbolic or physical ways to measure their reactions occurs during which of the following stages?

- a. Concept testing
- b. Idea generation
- c. Marketing strategy
- d. Screening

Answer: a

41. A _____ is a detailed version of the idea stated in meaningful consumer terms.

- a. Product concept
- b. Product feature
- c. Product idea
- d. Product image

Answer: a

42. The systematic search for new-product ideas is characteristic of which stage in the new product development process?

- a. business analysis
- b. concept development and testing

c. idea generation

d. idea screening

Answer: c

43. Original products, product improvements, product modifications, and new brands that a firm develops through its own research and development efforts are called:

a. Altered products

b. Concept products

c. New products

d. Supplemental products

Answer: c

44. Company can create successful new products by

a. Understanding consumers, markets, & competitors

b. Developing products that deliver superior value to consumers

c. Developing a great advertising campaign

d. Both a & b

Answer: d

45. One reason that idea screening is a critical stage in the new-product development process is that:

a. Competitors can quickly steal ideas so the company wants only those ideas that can be protected with patents.

b. International competition and markets demand that all ideas be culturally sensitive.

c. Product-development costs rise greatly in later stages and the company only wants those products that can succeed.

d. The Federal government carefully monitors each company's idea screening process to make sure no national security matters are at stake.

Answer: c

46. _____ calls for finding 30 to 40 qualified shoppers and questioning them about brand familiarity and preferences in a specific product category.

a. Controlled test marketing

b. Focus group research

c. Sales-wave research

d. Simulated test marketing

Answer: d

47. The ultimate way to test a new consumer product is to put it into full-blown _____.

a. Controlled test marketing

b. Sales-wave research

c. Screening

d. Test markets

Answer: d

48. A _____ is an elaborated version of the idea expressed in consumer terms.

a. New idea

b. Product concept

c. Product idea

d. Test brand

Answer: b

49. Suppose Nestle wants to expand its line of food products. The managers conduct surveys from customers to determine which food items would appeal to customers. Nestle is currently in which of the following phase of new product development?

a. Business analysis

b. Idea generation

c. Idea screening

d. Test marketing

Answer: d

50. What are the two ways that a company can obtain new products?

a. Internal development and merger

b. Line extension and brand management service

c. Market mix modification and research and development

d. New-product development and acquisition

Answer: d

51. Which of the following is not a potential cause of the failure of a new product?

a. A poorly designed product

b. An incorrectly positioned product

c. An underestimated market size

d. Higher than anticipated costs of product development

Answer: c

52. Executives, manufacturing employees, and salespeople are all examples of ____.

- a. core members of innovation management systems
- b. external sources for new-product ideas
- c. internal sources for new-product ideas
- d. research and development team members

Answer: c

53. Your firm wants to use external sources for new product ideas. After consulting with a friend you learn that all of the following are common external sources except ____.

- a. competitors
- b. suppliers
- c. the firm's executives
- d. trade shows and magazines

Answer: c

54. The purpose of idea generation is to create a ____ of ideas. The purpose of succeeding stages is to ____ that number.

- a. Large number; increase
- b. Large number; reduce
- c. Small number; increase
- d. Small number; reduce

Answer: b

55. ABC has just brainstormed a large number of ideas for adding new products and services after visiting several buying fairs. The owners will begin the first idea-reducing stage, called ____, to arrive at a realistic number to adopt.

- a. concept development
- b. idea generation
- c. idea screening
- d. product concept

Answer: c

51. In the concept testing stage of new-product development, a product concept in ____ form is presented to groups of target consumers.

- a. commercial
- b. Final
- c. physical or symbolic
- d. prototype

Answer: c

52. After concept testing, a firm would engage in which stage in developing and marketing a new product?

- a. business analysis
- b. marketing strategy development
- c. product development
- d. test marketing

Answer: b

53. During which stage of new-product development is management most likely to estimate minimum and maximum sales to assess the range of risk in launching a new product?

- a. business analysis
- b. concept testing
- c. marketing strategy development
- d. test marketing

Answer: a

54. In the ____ stage of new-product development, products often undergo rigorous tests to make sure that they perform safely and effectively or that consumers will find value in them.

- a. business analysis
- b. concept development and testing
- c. idea generation
- d. product development

Answer: d

55. NPD stands for:

- a. National Production Division.
- b. New Product Department.
- c. New Product Design
- d. New Product Development

Answer: d

56. Providing a description of a product and its attributes and inviting comment from consumers is called:

- a. Attribute testing.
- b. Concept testing

c. Idea Screening

d. Market testing

Answer: b

57. If Toyota describes one of its cars of the future as being “a moderately priced subcompact designed as a second family car to be used around town; the car is ideal for running errands and visiting friends,” then the company has just stated a potential new product in terms of a:

a. Product concept

b. Product feature

c. Product idea

d. Product image

Answer: a

58. When a company reviews sales, costs, and profit projections for a new product to find out whether these factors satisfy the company's objectives, they are in which of the following new-product development stages?

a. Business analysis

b. Commercialization

c. Concept development and testing

d. Marketing strategy development

Answer: a

59. _____ is screening new-product ideas in order to spot good ideas and Drop poor ones as soon as possible.

a. Brainstorming

b. Concept development and testing

c. Idea generation

d. Idea screening

Answer: d

60. A _____ is a detailed version of the idea stated in meaningful Consumer terms.

a. Product concept

b. Product feature

c. Product idea

d. Product image

Answer: a

61. If a company wishes to test its positioning strategy, advertising, distribution, pricing, branding and packaging, and budget levels, it can do so during which of the following stages of the new-product development process?

a. Commercialization

b. Concept testing

c. Product development

d. Test marketing

Answer: d

62. Highest percentage of ideas for new products originates with/from which of the following sources?

a. Competitors

b. Customers

c. Employees

d. Top management

Answer: b

63. Which of the following are the people who purchase new products almost as soon as the products reach the market?

a. Early majority

b. Innovators

c. Late adopters

d. Late majority

Answer: b

64. Which of the following is NOT one of the stages that customers go through in the process of adopting a new product?

a. Awareness

b. Desire

c. Evaluation

d. Interest

Answer: b

65. If Videocon engineers its washing machines to spin the clothes faster regardless of whether or not customers want that speed, then Videocon has characteristics associated with

a. Production concept

b. Selling concept

c. Marketing concept

d. Product concept

Answer: d

66. emphasizes salable surpluses within the corporation, seeks to convert 'products' into 'cash', emphasizes getting rid of stocks, concerns itself with the tricks & techniques of getting the customers to part with their cash for the products available with the salesman.

- a. Marketing
- b. Selling
- c. Public Relation
- d. Sales Promotion

Answer: b

67. Marketing Myopia related first paper published in 1960 in the _____

- a. International Business Review
- b. Forbes Magazine
- c. Harvard Business Review
- d. Oxford University Press

Answer: c

68. It has the aim of building long term mutually satisfying relations with key parties, customers, suppliers, distributors in order to earn and retain their long term preference & business.

- a. Marketing Myopia
- b. Relationship Marketing
- c. Product Marketing
- d. Selling Concept

Answer: b

69. emphasizes on the product & Emphasizes on the Customer's needs & wants.

- a. Selling, Marketing
- b. Marketing, Selling
- c. Consumer, Customer
- d. Marketing, Customer

Answer: a

70. A short-sighted and inward looking approach to marketing that focuses on the needs of the company instead of defining the company and its products in terms of the customers' needs and wants is known as

- a. Transactional Marketing
- b. Marketing Myopia
- c. Customer Value Triad
- d. Ambush Marketing

Answer: b

71. Newsletters, catalogues, and invitations to organisation-sponsored events are most closely associated with the marketing mix activity of:

- a. Distribution
- b. Pricing
- c. Product development
- d. Promotion

Answer: d

72. Marketing buzz means -----.

- a. De-marketing
- b. Social marketing
- c. Viral marketing
- d. Virtual marketing

Answer: c

73. Inside sales is known as -----.

- a. Direct marketing
- b. Social marketing
- c. Tele-marketing
- d. Viral marketing

Answer: c

74. Which is the feature of direct marketing -----.

- a. One-to-one communication
- b. Open dialogue
- c. Personal relationship
- d. All of the above

Answer: d

75. Re marketing is related with creating demand for -----.

- a. Fresh products
- b. Low quality products
- c. Non-usable product
- d. Renewed use of products

Answer: d

76. Tele-marketing is a part of -----.

- a. Direct marketing
- b. Relationship marketing.
- c. Social marketing
- d. Viral marketing

Answer: a

77. Direct marketing refers to a communication between the ----- and ----- directly.

- a. Firm and suppliers
- b. Price and services
- c. Seller and buyer
- d. Society and target market

Answer: c

78. "How are you telling consumers in your target group about your product" This question belongs to which marketing concept?

- a. Place
- b. Price
- c. Product
- d. Promotion

Answer: d

79. If Mark Mars pays Hershey Foods Corporation for the right to use its name on his line of T-shirts, then Mr. Mars is using which type of policy?

- a. Co-branding
- b. Licensing
- c. Manufacturer's branding
- d. Private branding

Answer: b

80. The promotion "P" of marketing is also known as _____.

- a. Cost
- b. Distribution
- c. Marketing Communication
- d. Product Differentiation

Answer: c

81. When a company distributes its products through a channel structure that includes one or more resellers, this is known as _____.

- a. Direct marketing
- b. Indirect marketing
- c. Integrated marketing
- d. Multi-level marketing

Answer: c

81. If the aim of the promotion to introduce a new consumer product is to achieve high awareness levels, the firm will most likely make heavy use of _____ in the promotional mix.

- a. Advertising
- b. Personal selling
- c. Publicity
- d. Sales promotion

Answer: a

82. A consumer contest is an example of _____.

- a. Advertising
- b. Indirect selling
- c. Personal selling
- d. Sales promotion

Answer: d

83. "Buy it now" refers to which one of the following options?

- a. Advertising
- b. Personal selling
- c. Publicity
- d. Sales promotion

Answer: b

83. Advertising appropriations are largest for which type of product?

- a. Convenience goods
- b. High-priced products
- c. Industrial products
- d. Specialty goods

Answer: a

84. A television advertisement showing the safety features of the Volvo 240 DL would be best classified as which of the following?

- a. Defensive advertising
- b. Pioneer advertising
- c. Product advertising
- d. Societal marketing

Answer: c

85. Which of the following is NOT a part of marketing communication mix?

- a. Advertising
- b. Public relations
- c. Sales promotion
- d. Telemarketing

Answer: d

86. The term Marketing Myopia was written by

- a. Philip Kotler
- b. Royal Dutch Shell
- c. Theodore Levitt
- d. Henry Ford

Answer: c

87. Rajeev Kapoor is a chef in a new downtown restaurant. He has sent out press releases to the major local media and has invited food critics to dine in his restaurant. Rajeev is engaging in

- a. Public relations
- b. Personal selling
- c. Sales promotion
- d. Advertising

Answer: a

88. Newsletters, catalogs, and invitations to organisation-sponsored events are most closely associated with the marketing mix activity of:

- a. Pricing
- b. Distribution
- c. Product development
- d. Promotion

Answer: d

89. In relationship marketing firms focus on _____ relationships with _____.

- a. Short-term; customers and suppliers
- b. Long-term; customers and suppliers
- c. Short-term; customers
- d. Long-term; customers

Answer: b

90.shows that a service was performed, such as the delivery packaging for the item delivered by a delivery service, or a scar left by a surgeon. This reminds or reassures the consumer that the service took place, positively or negatively

- 1. Process
- 2. People
- 3. Physical Evidence
- 4. Consumer

Answer: c

91.defined as the employees that execute the service chiefly concerns the manner and skill in which they do so

- 1. Process
- 2. People
- 3. Physical Evidence
- 4. Consumer

Answer: b

92.is an important P of marketing which affect the execution of its service, such as job queuing or query handling.

- 1. Process
- 2. People
- 3. Physical Evidence
- 4. Consumer

Answer: a

93. A further 3Ps are incorporated into the marketing mix:

- a. Physical evidence, process and price.
- b. Process people and promotion.
- c. Physical evidence, people and production.
- d. Physical evidence, process and people.

Answer: d

94. A further 3Ps are incorporated into the marketing mix:

- a. physical evidence, process and price.
- b. process people and promotion.
- c. physical evidence, people and production.
- d. physical evidence, process and people.

Answer: d

95. In the history of marketing, when did the production period end?

- a. In the late 1800s.
- b. In the early 1900s.
- c. In the 1920s.
- d. After the end of the Second World War.

Answer: c

96. Which one of the following is a key to build lasting relationships with consumers?

- a. Price of the product
- b. Need recognition

c. Customer satisfaction

d. Quality of product

Ans: c

97. Which of the following is not an Exchange function of Marketing?

a. Product Planning & Development

b. Buying function

c. After sales service

d. Selling Function

Answer: c

98. If focus is on social and ethical concerns in marketing' is characteristic of the _____

a. period.

b. Production

c. Sales

d. Marketing

Answer: d

99. Which of the following is not an element of the marketing mix?

a. Distribution

b. Promotion

c. Production

d. Pricing

Answer: c

100. The term 'marketing mix' describes:

a. a composite analysis of all environmental factors inside and outside the firm.

b. a series of business decisions that aid in selling a product.

c. the relationship between a firm's marketing strengths and its business weaknesses.

d. a blending of strategic elements to satisfy specific target markets.

Answer: d

PRACTICE SETS'

1. Which concept of Marketing are customer oriented?

a. Old concept of marketing

b. Modern concept of marketing

c. Entity concept of business

d. all of the above

2. Marketing is often considered synonymous with

a. selling

b. advertising

c. both a and b

d. none of the above

3. _____ is the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and organizational objectives.

a. Marketing

b. Selling

c. Advertising

d. Planning

4. The first objective in marketing is

a. brainstorming

b. discovering the needs of perspective consumers

c. promotion of product to make consumers aware of its existence.

d. None of the above

5. According to the societal marketing concepts, who is most important in deciding what needs and wants are good for consumers in the long run?

a. the organization itself

b. The individual consumers

c. Regulatory bodies

d. None of the above

6. Marketing concepts is based on the belief that

a. the company's planning and operations are customer oriented

b. the goals of the company should be profitable sales volume and not huts volume

c. all the marketing activities need not be coordinated effectively

d. both a and b

7. Organisations must strive to alter, adopt and develop their products to keep pace, with ever changing customer preferences and desire. This is important feature of
 - a. marketing concept
 - b. exchange concept
 - c. production concept
 - d. none of the above
8. Marketing deals with _____ and meeting human and social needs.
 - a. identifying
 - b. rejecting
 - c. both a and b
 - d. none of these
9. The major instruments of marketing in the hands of management are
 - a. product
 - b. promotion
 - c. price
 - d. all of these
10. The _____ is the ideas that an organization should seek to satisfy the wants of consumer, while also trying to achieve the orgainsational goals.
 - a. selling concepts
 - b. production concepts
 - c. marketing, buyer
 - d. buyer, purchaser
11. The exchange concept of marketing takes place between ____ and ____
 - a. seller, buyer
 - b. customer, consumer
 - c. consumer, buyer
 - d. buyer, purchaser
12. Marketing stresses on needs of the buyer, whereas selling stress on the need of
 - a. market
 - b. seller
 - c. product
 - d. consumer
13. Find the true statement?
 - a. marketing is waste of the employees time
 - b. marketing is not required in India to its vast population
 - c. Marketing involves additional work
 - d. marketing involves team work
14. How do you distinguish marketing and selling
 - a. they are one and same
 - b. marketing is a part of selling
 - c. selling is a part of marketing
 - d. none of the above
15. Which one is not a function of marketing?
 - a. Identification of customer needs and wants
 - b. Product planning and development
 - c. Guiding the funding agencies
 - d. communicating
16. In marketing, selling and buying would be called the
 - a. primary function
 - b. secondary function
 - c. exchange function
 - d. profit function
17. According to Peter Drucker, the focus of a business is not _____ but _____ -
 - a. customers, profits
 - b. Profits, customers
 - c. Profits, new markets
 - d. New markets, customers
18. The need or want for a particular product becomes a demand, when
 - a. the product / service is available
 - b. it is backed by buying power
 - c. a product represents that particular need
 - d. all of these
19. Social marketing concept is based upon
 - a. large target market with active buyers
 - b. customer satisfaction and customer welfare
 - c. realization of maximum profit through service of society

d. none of the above

20. Which of the following is objectives of marketing?

- a. satisfying customers and increasing demand
- b. creating goodwill for the organization
- c. providing better quality products
- d. all of the above

21. Exchange concept of marketing deals with

- a. exchange of products between sellers and buyers covering distribution and price aspects.
- b. mere appendage to production
- c. achieving marketing success through product attributes
- d. aggressively promote and push the products

22. Which one of the following contains the three elements of service marketing triangle?

- a. Management, marketing agency and consumer
- b. marketing agency, government and consumer
- c. management, employees and marketing agency
- d. management, employees and consumer

23. In this stage of business cycle, employment rate is high, interest rates are low, inflation is low and income is high.

- a. growth or prosperity
- b. recession
- c. depression
- d. recovery

24. Which of the following channels of distribution is correct?

- a. Manufacturer → Agent → Wholesalers → Retailers → consumer.
- b. Manufacturer → Agent → Retailers → consumers
- c. both a and b
- d. none of the above

25. Which one of the following elements is not in the marketing mix?

- a. Price
- b. Products
- c. storage
- d. promotion

26. The concept of marketing mix involves a deliberate and careful choice of organization, product, price, promotion and place strategies and

- a. policies
- b. concept
- c. planning
- d. all of the above

27. Which one of the following is controllable variable of marketing management?

- a. environment
- b. competition
- c. consumer
- d. price

28. The choice of marketing mix does not depends upon

- a. the marketing environment of the organization
- b. employee objectives
- c. marketing organization structure and information system
- d. all of the above

29. Promotion mix is the particular combination of promotional tools used by a company to _____ with its audiences.

- a. plan
- b. communicate
- c. decide
- d. none of these

30. Among the four P's of marketing, 'place' includes

- a. types of intermediaries
- b. public relation
- c. location of outlets
- d. both a and c

31. conditions necessary for exchange are

- a. at least two parties must be involved

- b. each party must have something that interests the other.
c. both a and b
d. none of the above
32. _____ reduce the demand for a product or service on a temporary or permanent basis.
a. counter marketing
b. mega marketing
c. DE marketing
d. none of these
33. Convenience goods are those which are
a. consumed easily
b. distributed easily
c. purchased frequently
d. none of these
34. Grading is an important process in the functions of
a. standardization
b. specialization
c. both a and b
d. neither a nor b
35. Promotion media are they various vehicles that corporation can use to carry their promotion.
a. audience
b. managers
c. owners
d. none of these
36. Which of the following will not lead to change in the marketing mix of a product?
a. change in corporate / competitive strategy of the firm
b. change in the organization or resource level of the firm
c. rigidness in the product lines of the firm
d. all of the above
37. _____ occurs when a marketer is excessively pre-occupied with product development, manufacturing or selling and ignores customer needs, wants and interests.
a. customization
b. target marketing
c. marketing myopia
d. NOTA
38. _____ is the ways to overcome marketing myopia
a. be customer led not product oriented
b. market orientation should be permitted throughout the organization.
c. managers need to be proactive and visionary
d. all of the above
39. Of the following, the item that is most likely to be a shopping good to most people is
a. a TV set
b. health food
c. toothpaste
d. none of these
40. Goods purchased by individuals for their own personal use rather than for business or industrial use is called _____
a. convenience goods
b. capital goods
c. consumer goods
d. none of these
41. _____ places the customer at the beginning as well as at the end of the business cycle
a. functional integration
b. customer orientation
c. marketing myopia
d. none of these
42. _____ shows the actual time of starting a particular programme.
a. programmes
b. schedules
c. procedures
d. policies
43. _____ indicates that if company's future seems to be bright, its present policies should be continued

- a. diagnosis b. prognosis c. strategy d. none of these
44. _____ suggest how to use the company's strategies to achieve its objectives
a. tactics b. programmes c. schedules d. none of these
45. Internal factors affecting marketing planning are
a. size of the company b. risk bearing capacity of the company
c. price trends in the country d. both a and b
46. Customer orientation is _____ to development and someone within the organization must have the foresight to see that there are _____ prospects for what has been developed
a. not important, immediate b. critical, commercial
c. non-important, commercial d. critical, non-commercial
47. Which of the following is not a part of strategic planning?
a. purposes and mission b. objectives
c. choice of businesses d. social responsibility
48. The strategy of introducing a product with high introductory price is called
a. penetration strategy b. skimming strategy
c. pull strategy d. push strategy
49. In the first stage of the new product development process, the company determines which markets it wants to enter, this is known as _____
a. opportunity identification b. testing
c. introduction d. life cycle management
50. All of the following factors are correlated with successful new product introduction except
a. a superior product with throughout product benefits
b. a strong market orientation unrouged the new product development process
c. the appropriate organizational structure
d. strong retaliation by competitors
51. _____ assess whether the marketing policies, programmes, systems and methods established in the distant past are valid for today
a. ratio analysis b. marketing audit
c. credit control d. none of the above
52. Of the following, the statement that best expresses the basic ideas behind the marketing concepts is
a. produce the best possible product b. produce the cheapest possible product
c. try to reduce the cost of marketing d. keep the consumer foremost in mind
53. The price of a product must be relevant to the
a. utility or satisfaction of delivers to buyers b. amount of profit the sellers can obtain
c. availability of substitutes d. none of the above
54. Marketing concept involves following ideas
a. marketing department becomes the main management force in a company
b. the company becomes completely consumer oriented
c. both a and b
d. neither a nor b

55. 'The marketing concept is a customer orientation backed by integrated marketing aimed at generating customer satisfaction as the key to satisfying organizational goals'. Who said it?
 a. P Kattaler b. Kotler c. LG Peter d. None of the above
56. Arrange the following elements of marketing in their correct order.
 1. planning 2. Strategy 3. Tactics 4. Research
 Codes
 a. 1 2 3 4 b. 4 2 1 3 c. 2 3 4 1 d. 3 2 1 4
57. Marketing can be viewed as an activity that takes the basic physical features of a product, adds value to it and makes it attractive targeted segments of the buying population. This value added activity could be
 a. brand b. customer service c. packaging d. all of these
58. Traditional marketing focused on _____ while today's marketers must focus on _____ as the end result of a successful marketing strategy.
 a. transactions, relationships b. customer, profits
 c. profits, products d. relationships, transactions
59. All of the following are true regarding marketing except
 a. only those, who work in the traditional marketing department are charged with performing marketing activities
 b. any individual inside of an organization, who can potentially win or lose customers is in marketing
 c. marketing is involved whenever individuals or Organisations have a choice to make.
 d. any set of activities attempting to influence customer choice is marketing.
60. Which of the following factors affects the choice of channel of distribution?
 1. size of manufacturer 2. Desire to control the channel
 3. perishability of product 4. Weight of product
 5. number of customers
 Select the correct answer using the codes given below
 a. only 2 b. both 4 and 5 c. both 3 and 4 d. none of the above
61. Which of the following statement is true about production era?
 a. supply creates its own demand b. consumer is king
 c. focus only on selling products to consumers d. none of the above
62. All of the following statements are true except
 a. It costs more to get a new customer than to keep an existing one
 b. Marketers that can retain more customers by satisfying them better than competitors will have profitable products in the long-run not just the short-run
 c. a product with low brand loyalty will have a higher lifetime customer value than a product with high brand loyalty.
 d. marketing managers will have to focus on the relationship between the organization and the customer as the end result of a successful marketing strategy.
63. Consider the following statements
 1. Assembling and managing the marketing mix is the crux of the marketing task.
 2. Assembling the marketing mix is a continuous task.
 3. Public relation is a key ingredient in the marketing mix.
 Which of the statements given above are correct?
 a. only 1 b. 2 c. 3 d. all of the above

64. Accordingly marketing managers in developing a product line strategy, do not address the following issue.
- how many products should be in the line?
 - how should the products in the line be targeted and differentiated?
 - how should the products be manufactured?
 - how should resources be allocated across the line to maximize profits or market share?
65. Which of the following are the merits of marketing planning?
- identification of future development.
 - consideration of opportunity probe.
 - focus on objectives.
 - profitable employment of resources
- Select the correct answer using the codes given below:
- 1
 - 1 2
 - 1 2 3
 - all of the above
66. _____ is the new product introduction actor that refers to knowing the target market, specifying the benefits to be delivered to the target customers, having a basic idea of how the product will be positioned and finalizing the features and attributes.
- strong market orientation
 - careful launch planning
 - sharp product definition
 - detailed new product development process
67. Which of the following features of a technology driven organization is incorrect?
- the philosophy is 'what we make, we sell.'
 - focus is on the research and development group as well as sales
 - much money is spent on marketing research and test marketing until the product is finally made
 - understand that customers buy products that the product features provide and do not inherently want to buy products
68. When the ideal selling price is first determined and the feasibility of meeting that price is assessed and costs are controlled in order to produce product that can be sold at the target price, this is called
- market development
 - price determination
 - target costing
 - product development
69. Which of the following is the main reason, many experts believe that relying on customers for new products, particularly true innovations, is doomed to failure?
- customers limited ability to see into the future and conceptualize what could be
 - customers could be biased and purchase only expansion products
 - customers don't have the time to think about new products
 - customers not wanting to submit new ideas to the organization
70. In _____ companies attempt to give customers the perception that they are being lived as unique segments.
- mass customization
 - mass marketing
 - global marketing
 - International marketing
71. One criterion that should always be applied to market segmentation is
- Parsimony
 - Homogeneity
 - Mass marketing
 - Image appeal
72. Which of the following levels of market segmentation typically entails marketing to a small market whose needs are not well served?
- segment marketing
 - Niche marketing
 - Local marketing
 - Individual marketing

73. Market segments can be build-up in many ways, such as preference segments ____ preferences occur, when the market reveals distinct preference group, called natural market segments.

- a. clustered b. Natural c. homogeneous d. diffused

74. A segmentation approach would develop ____ advertising campaigns focusing on each benefit purchased by the members of each segment.

- a. General b. Separate c. price oriented d. Cost efficient

75. Market segmentation provides a focused approach to winning the game by answering the issues.

- a. which groups of users should we serve. b. with whom we will complete.
c. neither a nor b d. both a and b

76. A marketing managers task is to identify variables that describe customers in terms of their own particular features. These variables are called

- a. demographic b. descriptors c. geographic d. behavioral

77. ____ is the process of dividing a potential market into distinct sub-markets of consumers with common needs and features

- a. target marketing b. differentiation
c. market segmentation d. none of these

78. In ____ segmentation, buyers are divided into different groups on the basis of life style or personality and values.

- a. demographic b. psychographic c. behavioral d. none of these

79. ____ is a market average strategy, in which company follows one product one segment drupe.

- a. concentrated marketing b. market positioning
c. target marketing d. none of these

80. When buyers have too narrow image of the brand, this error is

- a. under positioning b. over positioning
c. doubtful positioning d. confused positioning

81. When product is positioned as offering the best value, it is called?

- a. user positioning b. quality or price positioning
c. product category positioning d. none of the above

82. ____ involves concentrating on the different needs of a customer group.

- a. market specialization b. selective specialization
c. product specialization d. none of these

83. In ____ company position itself on wn attribute such as size or number of years in existence.

- a. benefit positioning b. attribute positioning
c. quality or price positioning d. none of the above

84. ____ is the out of designing the company's offering and image to occur a distinctive plan in the target customers.

- a. positioning b. image differentiation
c. product differentiation d. none of the above

85. Generally, a niche is a small segment of the market that has some specific
- satisfied need
 - unsatisfied need
 - basic need
 - none of these
86. What type of major segmentation variable for business markets would be applicable to business customers that buy products or services based on urgency of need?
- operating approaches
 - purchasing approaches
 - situational factors
 - personal features
87. When marketing managers select, which segments to pursue, it is called
- analyzing the competition
 - selecting the target market
 - promoting the product
 - consumer behavior analysis
88. The concept of segmentation is important because it implies an understanding that consumers are
- the same
 - do not offer
 - homogeneous
 - heterogeneous
89. Why do a segmentation approach to the market is more efficient than a mass market approach?
- Because money is spent only on those whom the manager has determined are potential customers.
 - Because money is spent on both customers and non-customers evenly.
 - Because customers are homogenies
 - Because consumers tasters are all the same
90. Consider the following statement about segmentation?
- Help in understanding needs of consumer.
 - Customer gets more customized product.
 - Does not enlarge innovation.
 - Helps in preparing a better competitive strategy.
- Which of the statements given above is correct?
- Codes
- 1 2
 - 1 2 4
 - 1 2 3
 - none of the above
91. When companies try to create brand awareness among customers even before positioning the brand clearly in the market, it is called
- doubtful positioning
 - over positioning
 - confused positioning
 - under positioning
92. The requisite of segmentation, which is different on 4 Ps and programmer is
- substantial
 - allersible
 - differentiable
 - actionable
93. Which variable is related to the marketing decision taken by an enterprise?
- Internal variable
 - Marketing decision variable
 - sole variables
 - Demand variables
- Select the correct answer using the codes given below
- 1 4
 - 1 2
 - 1 3
 - 3 4
94. To which of the following categories of business are cycle defined in years most related as an evaluation?
- Fast food, utilities and long distance telephone services
 - Retail shopping and movies
 - Ice cream, soft drinks and cold remedies
 - Durable goods replacement cycles

95. All of the issues below help to determine whether a particular segmentation scheme is useful except

- Do the people in different segments behave differently towards the product or service
- would we use different marketing elements with the different segments
- would the different segments behave differently if different marketing elements were used
- if the different segments do not behave differently, then we would apply market segmentation

96. Which of the following are three important criteria on which a firm should base its segmentation strategy decisions?

- Measurable, substantial, differentiable
- Measurable, geographic, marketable
- Measurable, meaningful, marketable
- None of the above

97. One of the criteria for a variable segment, is that it must be substantial. The means

- That the segment is one that is large enough to have sufficient sales and growth potential to offer long-run profits for the firm.
- The segment is one that be easily reached
- The size, profile and other relevant features must be measured
- All of the above

98. The 'Times of India' publish local editors for different regions such as 'The Hyderabad Times' for its Hyderabad editors. Here, consumer market is segmented on the basis of

- geographic features
- psychographic features
- demographic features
- none of the above

99. The _____ and _____ are the two elements of marketing strategy that determine the success of a product in the market place.

- target market, price
- target market, product
- product, price
- none of the above

100. Religion is one of the _____ factor that influence consumer behavior

- social
- personal
- cultural
- psychological

ANSWER KEYS'

1=B	2=C	3=A	4=B	5=A	6=D	7=A	8=A	9=D	10=C
11=A	12=B	13=D	14=C	15=C	16=C	17=B	18=B	19=B	20=D
21=A	22=D	23=A	24=C	25=C	26=A	27=D	28=B	29=B	30=D
31=C	32=C	33=A	34=A	35=A	36=C	37=C	38=D	39=A	40=C
41=B	42=B	43=B	44=A	45=D	46=B	47=B	48=B	49=A	50=D
51=B	52=D	53=A	54=C	55=A	56=B	57=D	58=A	59=A	60=D
61=A	62=C	63=D	64=C	65=D	66=C	67=B	68=C	69=A	70=A
71=A	72=B	73=A	74=B	75=D	76=B	77=C	78=B	79=A	80=B
81=B	82=A	83=B	84=A	85=D	86=D	87=B	88=D	89=A	90=B
91=A	92=C	93=B	94=D	95=D	96=A	97=A	98=A	99=D	100=C

PRACTICE SETS'

1. Which is not a part of branch concept?

- product mix
- brand image
- Brand franchise
- Brand Recognition

2. An evolution of the Marketing discipline includes

- Brand Management
- selling
- mass production
- all of the above

3. Re-defining relationship includes
 - a. Formation of business network
 - b. Re-intermediation
 - c. Dis-intermediation
 - d. All of the above
4. What is the use of the internet in Marketing?
 - a. In product and Market extension
 - b. In market target
 - c. In market research
 - d. all of the above
5. On-line marketing includes
 - a. Reason-orientation of on-line advertising
 - b. Non Intrusiveness of on-line advertising
 - c. spatiality of on-line marketing
 - d. all of the above
6. What is the advantage of on-line marketing?
 - a. Making the location of marketer Irrelevant
 - b. Increasing feedback
 - c. Making the size of marketing irrelevant
 - d. all of the above
7. Which is the barriers to on-line marketing?
 - a. security
 - b. infrastructure barriers
 - c. customers resistance
 - d. all of the above
8. Which of the following factors affects to the planning of marketing programmer?
 - a. marketing strategy
 - b. marketing mix
 - c. demand variable
 - d. all of the above
9. Which factors determines the building up of a sales organization?
 - a. size of the unit
 - b. organizational policy of the management
 - c. traditions and customs
 - d. all of the above
10. which is the lament of promotion mix
 - a. public relation
 - b. trade fairs and exhibitions
 - c. advertising
 - d. all of the above
11. _____ marketing is a new way of performing the task of marketing made feasible by the advent of new technology, namely the internet.
 - a. Rural marketing
 - b. On-Line marketing
 - c. Green marketing
 - d. social marketing
12. Which is the barriers to the adoption of online marketing?
 - a. Lack of availability of skills
 - b. Lack of availability of funds
 - c. Lack of availability of technology
 - d. Art of recording
13. Using the power of on-line networks, computer communications and digital interactive media to achieve marketing and business objectives , is called
 - a. tel-net and internet
 - b. internet
 - c. security
 - d. none of these
14. Which is not a part of promotion mix
 - a. cost
 - b. publication
 - c. printing
 - d. broadcasting ot of home
15. The principal function of an electronic market is to facilitate the search for the
 - a. Required product or service
 - b. Required marketing

- c. Required market d. All of the above
16. The marketing concept involves
a. organization integration b. Competition orientation
c. Customer orientation d. all of the above
17. Modern marketing consists
a. Marketing strategy and research b. Marketing effectiveness
c. Brand management d. All of the above
18. A brand is a
a. Product plan b. Product cost c. quality d. product or service name
19. A brand includes
a. combination of name and symbol b. design
c. symbol or number or words d. all of the above
20. A brand is a name, term, symbol, design combination of these which identifies the goods or services of one seller or group those sellers and differentiates them from of
a. other marketing b. Other sellers
c. other market d. other product or services
21. Which is the element of modern marketing?
a. It emphasizes mutuality of benefit b. it is customer oriented
c. it is operational d. all of the above
22. Which is the key feature of market as per Baker?
a. full use of all the company resources b. a long run perspective
c. start with the customer d. all of the above
23. Marketing is a human activity directed at satisfying needs and wants through exchange processes. Who said.
a. Philip Kotler b. Hansi L.V c. Peter F. Drucker d. D.S Pauler
24. The internet offers marketers a fast, versatile and inexpensive
a. communication medium b. cost of production
c. cost of construction d. all of the above
25. Product line covers
a. Departmental stores b. One price retailer
c. general retailer d. All of the above
26. Modern concept of marketing consists
a. co-ordination b. Decision
c. Responsibility towards customers d. All of the above
27. Marketing refers to the
a. goods distribution b. Goods and services are exchange to each other
c. sales of product d. all of the above
28. Functions of marketing management consists
a. determination the marketing objects b. Marketing Planning
c. Marketing organization d. all of the above
29. Which is the task of advertising?

- a. providing information about the product
c. behavior reinforcement
- b. Image building
d. all of the above
30. Which is the selling tasks?
a. Outside order taking
c. Product delivery
- b. Inside order taking
d. All of the above
31. Which is the task of salesman?
a. develop product and market knowledge
c. Prospect for potential clients
- b. Sales Pitch
d. All of the above
32. The procedure for segmenting the industrial markets is different than the
a. Industrial markets
c. Consumer markets
- b. Business markets
d. All of the above
33. To manage a business well is to manage its future, and to manage the future is to manage information, this statement is related to
a. Effective marketing information
c. Price
- b. Promotion
d. Effective sales planning
34. Market research on pricing includes
a. demand elasticity's
c. cost analysis
- b. Perceived prices
d. all of the above
35. Which concept of marketing is product oriented
a. old concept of marketing
c. modern concept of marketing
- b. entity concept of business
d. all of the above
36. Which concept of marketing is customer oriented?
a. modern concept of marketing
c. old concept of marketing
- b. Entity concept
d. all of the above
37. Which of the following is marketing oriental?
a. decentralized
c. braod product line
- b. consumer consideration dominate
d. all of the above
38. Marketing orientation consists
a. emphasis on market price rather than cost
c. external influence dominate objectives
- b. market research
d. all of the above
39. Which is the factor of Pricing decisions?
a. controller
c. Flexibility in production
- b. Style and appearance prime consideration
d. all of the above
40. Which is the factor of pricing decisions?
a. economic and political environment of the country
b. trade traditions
c. competition
d. all of these

ANSWER KEYS

1=A	2=D	3=D	4=D	5=D	6=D	7=D	8=D	9=D	10=D
11=B	12=D	13=D	14=A	15=A	16=D	17=D	18=D	19=D	20=B

21=D	22=D	23=A	24=A	25=D	26=D	27=D	28=D	29=D	30=D
31=D	32=A	33=A	34=D	35=A	36=A	37=D	38=D	39=D	40=D

IMPORTANT QUESTIONS'

1. Assertion Databases assist in market segmentation, especially behavioral segmentation such as developing loyalty segments.

Reason Customer relationship management database have become an asset for the analysis of customer behavior

Codes

- Both A and R are correct and R is the correct explanation of A
- Both A and R are correct and R is not the correct explanation of A
- Both A and R are incorrect
- A is correct and R is incorrect.

2. Choose the correct code for the following statements being correct or incorrect.

Statement I A well-chosen marketing channel must be aligned to company's marketing strategy with respect to segmentation, targeting and positioning.

Statement II Marketing channels are set of interdependent Organisations participating in the process of making the product available for the use of consumption.

Codes

- Both statements are correct
- both statements are incorrect
- statement I is correct but statement II is incorrect
- statement II is correct but statement I is correct

3. To examine whether the company is pursuing its best opportunities with respect to markets, products and channels is the purpose of which one of the following types of marketing control?

- annual plan control
- profitability control
- efficiency control
- strategic control

4. Match the items of list-I with the items of list-II and choose the correct answer from the code given below

List-I	List-II
a. the economy was characterized by small regional suppliers who sold goods on a local basis	1. Mass marketing
b. Standardized, branded goods were sold at national level	2. Hyper segmentation
c. Era of market differentiation based on demographic, socio-economic and life style factors	3. segmentation
d. technological advancements, especially in the area of digital communication allow marketers to communicate with individual consumers or very small groups.	4. fragmentation

Codes

- | | | | | |
|----|---|---|---|---|
| | A | B | C | D |
| a. | 1 | 4 | 2 | 3 |
| b. | 4 | 1 | 3 | 2 |
| c. | 4 | 1 | 2 | 3 |
| d. | 1 | 2 | 3 | 4 |

5. Which among the following is not included in seven Ps of marketing mix given by Booms and Bitner?
- a. Process b. people c. Physical evidence d. Politics
6. Statement I A form of non-store retailing that uses advertising to contact consumers who, in turn, purchase products without visiting a retail store is called direct selling.
Statement II A form of non-store retailing in which personal contact between a sales person and a consumer occurs away from a retail store is called direct marketing.
In the light of above statements, identify the correct code of statements being correct or incorrect.
Codes
- a. statement I is correct but statement II is not correct
b. statement I is not correct but statement II is correct
c. both statements are correct
d. both statements are not correct
7. 34% of the customers who fall in one of the categories of diffusion process who are deliberate customers to accept an innovation just before the average adopter in a social system. Such customers who are above average in social and economic measures, rely quite a bit on advertisements and salesman are known as
- a. early adopters b. early majority c. late majority d. late adopters
8. when a company treats each single customer as a separate segment, this is called
- a. niche marketing b. Nano marketing c. single marketing d. micro marketing
9. A reduction from the list price that is offered by a seller to buyer in payment for marketing functions, the buyers will perform is known as
- a. trade discount b. functional discount c. cash discount d. both a and b
10. When Walt Disney world's magic kingdom lets customers visit a fairy kingdom, a pirate ship, or a haunted house, then what is marketed in this example?
- a. services b. events c. experiences d. ideas
11. Which one of the following statements is true according to VALS framework of psychographic segmentation?
- a. the consumers who are primarily motivated by ideals are guided by knowledge and principles
b. the consumers who are motivated by achievement look for knowledge and principles
c. the consumers who are motivated by self-expression don't desire social or physical activity, variety and risk
d. The consumers who are motivated by achievement desire social or physical activity variety and risk
12. Which one of the following is the most likely result of marketing strategy that attempts to serve all potential customers?
- a. all customers will be delighted
b. customers perceived value will be increased
c. the company will need to follow up with a DE marketing campaign
d. none of the above
13. When the consumers favors those products which offer the most quality, performance or innovative features, then it is called as
- a. production concept b. product concept c. sales concept d. marketing concept

14. A persons distinguishing psychological characteristics that lead of relatively consistent and enduring response to his or her environment is called

- a. life style b. self-concept c. personality d. attitude

15. In which of the following types of collective bargaining, one party gains at the expense of the others?

- a. distributive bargaining b. integrative bargaining
c. centralized bargaining d. none of these

16. The service marketing mix is an extended marketing mix and includes

1. people 2. Process 3. Service 4. Physical evidence

Select the correct answer using the codes given below

- a. 2 3 4 b. 1 2 3 c. 1 2 4 d. 1 3 4

17. A common market is one where

- a. all the trading nations agree commonly to levy a common and uniform tariff rate for all goods
b. all the trading nations agree commonly to rationalize tariff and non-tariff barriers mutually to promote intra region trade
c. there is a customs union along with free intra-union movement of factors of production
d. there is an economic union along with free intra-union movement of residents

18. Which of the following can be used by a company as communication mix to reach the target customers?

1. advertising 2. Sales promotion 3. Events and experiences 4. Public relations
5. direct marketing 6. Personnel selling

Select the correct answer using the codes given below

- a. 1 2 4 6 b. 1 2 5 6 c. 1 2 4 5 6 d. all of the above

19. a marketing network consists of

- a. the tasks to devise marketing activities
b. the tasks of hiring, training and motivating employees
c. the activities that help in designing and implementing the marketing programmes
d. the company and its supporting shareholders with whom it has built mutually profitable business relationships

20. Target marketing involves which of the following activities?

1. market positioning 2. Market targeting
3. market behavior 4. Market segmentation

Select the correct answer using the codes given below

- a. 1 2 b. 2 4 c. 1 2 4 d. 2 3 4

21. Black box model in marketing relates to

- a. marketing planning b. marketing mix
c marketing control d. consumer behavior

22. Items, considered part of the augmented product, do not include

- a. guarantee b. warranty
c. complementary products d. channels of distribution

23. Horizontal marketing system comprises of

- a. the producer, wholesaler and retailer acting in a unified system
b. multichannel marketing
c. two or more marketing channels to reach one or more customer segments

d. two or more unrelated companies put together resources to exploit an emerging market

24. Which of the following is not a type of direct marketing?

- a. direct mail marketing
- b. retail marketing
- c. telemarketing
- d. email direct marketing

25. Marketing strategy development is also known as

- a. marketing control
- b. marketing exercise
- c. marketing planning
- d. situation analysis

26. Which of the following is not a method of segmenting a market?

- a. behavioral segmentation
- b. psychographic segmentation
- c. benefit segmentation
- d. customer segmentation

27. Which of the following is not the major component of holistic marketing?

- a. relationship marketing
- b. integrated marketing
- c. customer satisfaction
- d. sociality responsible marketing

28. Which of the legislations listed below do not form part of the marketing environment of India?

- a. the drugs and cosmetics act, 1940
- b. the prevention of food and adulteration act 1954
- c. the monopolies and restrictive trade practice act 1969
- d. both b and c

29. In the model of consumer behavior given by Philip Kotler, what constitutes the marketing stimuli?

- a. marketing environment
- b. four Ps of marketing
- c. consumer needs and wants
- d. none of the above

30. Which of the following concepts is based on development, design and implementation of marketing programmes, processes and activities that recognize their breadth and interdependence?

- a. product concept
- b. sales concept
- c. societal marketing concept
- d. holistic marketing concept

31. The concept of marketing mix, consisting of the four Ps of marketing, was developed by

- a. E Jerome McCarthy
- b. Peter F Drucker
- c. Philip Kotler
- d. William J Stonton

32. In marketing mix, which four Ps are covered?

- a. product, price, place, promotion
- b. product, price, power, promotion
- c. product, price, penetration, promotion
- d. product, price, positioning, promotion

33. Which subject is relevant to the study of consumers behavior?

- a. Economic
- b. Psychology
- c. sociology
- d. all of these

34. Which research includes all types of researchers into human motives, when it refers to qualitative research designed to uncover the consumers sub-consciousness or hidden motivations?

- a. motivational research
- b. marketing research
- c. managerial research
- d. price research

35. Which concept of marketing is based on the assumption that superior products sell themselves?

- a. production
- b. marketing

- c. societal d. product
36. market sub-divided on the basis of behavioral features is called
a. segmentation b. aggregation
c. precision d. none of the above
37. Which one of the following is incorrect?
a. marketers arouse emotional motives
b. marketers satisfy rational motives
c. marketers formulate different sales promotions for different motives
d. none of the above
38. non-store marketing includes
a. home selling b. VPP
c. vending machines d. all of these
39. what is customer delight?
a. performance equal to expectation b. performance less than expectation
c. performance more than expectation d. expectation more than performance
40. Which term are often used interchangeably in marketing literature?
a. concept, method, philosophy b. Concept, approach, technique
c. orientation, concept, philosophy d. philosophy, system, concept
41. Which one of the following is not the fundamental procedure that should be considered for the collective bargaining?
a. renegotiation phase b. selective of negotiators
c. tactics and strategy bargaining d. none of the above
42. 'VSAT' technology is first followed for online trading by
a. BSE b. OTCEI c. NSE d. ISE
43. What is mass marketing?
a. offering the same products and marketing mix to all consumers
b. offering variety of products to the entire market
c. offering differentiated products to all customers
d. following concentrated marketing strategy
44. In broader sense, marketing communication includes
a. product b. place c. price d. all of the above
45. what is relevant to place variable of marketing mix?
a. branding b. price penetration
c. sales personnel motivation d. none of the above
46. Physical distribution provides
a. place utility b. time utility
c. place and time utility d. form utility

ANSWER KEYS'

1=A	2=A	3=D	4=B	5=D	6=D	7=A	8=D	9=D	10=C
11=A	12=D	13=B	14=B	15=B	16=A	17=C	18=D	19=D	20=C
21=C	22=B	23=D	24=C	25=C	26=D	27=C	28=D	29=B	30=D

31=A	32=A	33=D	34=A	35=C	36=B	37=D	38=D	39=A	40=C
41=D	42=C	43=C	44=D	45=C	46=C				

PREVIOUS YEAR QUESTIONS

1. Which one of the following relates to product or services for which consumers will spend a fair amount to time comparing alternatives?

- a. Unsought products or services
b. convenience product or services
c. shopping products or services
d. specialty products or services

2. 'Explain the nutritional values of different foods' is an objective of which one of the following social marketing programmes?

- a. value campaigns
b. action campaigns
c. behavioral campaigns
d. cognitive campaigns

3. The following two statements relate to marketing. Choose the correct code for the statements being correct or incorrect.

Statement I Marketing is about satisfying customer needs and wants.

Statement II Marketing can be performed only by individuals and not by Organisations.

Codes:

- a. statement I is correct but statement II is incorrect
b. statement II is correct but statement I is incorrect.
c. both statements are correct
d. both statements are incorrect.

4. Match the items of list I with the items of list II and choose the correct answer from the code given below:

List-I	List-II
a. demographic	1. self-values
b. psychographic	2. convenience
c. benefits	3. gender
d. behavioral	4. loyalty

Codes

- | | | | | |
|------|---|---|---|---|
| | A | B | C | D |
| a. | 3 | 1 | 2 | 4 |
| b. 3 | 4 | 2 | 1 | |
| c. | 2 | 4 | 3 | 1 |
| d. 3 | 2 | 1 | 4 | |

5. A manufacturer, to market its products, focuses on the following marketing channel alternatives.

- | | | |
|------------------|------------------|-------------------------|
| 1. telemarketing | 2. Distributors | 3. Salesforce |
| 4. internet | 5. Retail stores | 6. Value added partners |

Codes

- a. 4, 5, 1, 6, 2, 3
b. 4, 1, 5, 2, 6, 3
c. 1, 4, 2, 5, 3, 6
d. 1, 4, 5, 2, 3, 6

6. The following statements relate to value based Organisations. Choose the correct code for the statements being correct or incorrect.

Statement I The goal of any sales promotion is to create value for both the consumer and the firm.

Statement II Sales promotion always shifts sales from the future to now and thereby leads to short run benefits at the expense of long term sales stability.

Codes:

- a. statement I is correct but statement II is incorrect
b. statement II is correct but statement I is correct
c. both statements are correct

d. both statements are incorrect

7. In which one of the following product life cycle stages a firm improves product quality and adds new features and improved styling?

- a. introduction stage
- b. growth stage
- c. maturity stage
- d. decline stage

8. For the following two statements of Assertion (A) and Reason (R) suggest the correct code.

Assertion Low initial price regarded as the principal means for entering into mass market for some new products.

Reason Firms generally enter into production of new products with excess capacity of the plant initially.

Codes:

- a. A is correct but R is not correct
- b. A is not correct but R is correct
- c. A and R both are correct and R is the right explanation of A
- d. A and R both are correct, but R is not the right explanation of A.

9. Select the correct code of the Assertion (A) and Reason (R).

Assertion Companies should measure the profitability of their products, territories, customer groups, segments, trade channels and order sizes.

Reason Measure of profitability helps companies determine whether to expand, reduce or eliminate any product or marketing activities to ensure profitability control.

Codes:

- a. both A and R are correct and R is the right explanation of A.
- b. both A and R are correct but R is not the right explanation of A.
- c. A is correct but R is incorrect
- d. R is correct but A is incorrect.

10. Which one of the following attributes of advertising regarding launching of a new product calls for spending all the advertising budget in a single period?

- a. pulsing
- b. continuity
- c. concentration
- d. fighting

11. The following statements relate to the functions of the marketing channel members. Indicate the statements being correct or incorrect.

Statement I Channel members do not gather information about potential and current customers, competitors and other actors and forces in the marketing environment.

Statement II Channel members acquire the funds to finance inventories at different levels in the marketing channel.

- a. both statements are correct
- b. both statements are incorrect.
- c. statements I is correct while statement II is incorrect
- d. statements I is incorrect while statement I is correct.

12. The firm may go for defensive advertising as per which one of the following approaches?

- a. percentage to sales approach
- b. return on investment approach
- c. competitive parity approach
- d. objective and task approach

13. which one of the following represents 'Penetrated market'.

- a. the part of the qualified available market the company decided to pursue.
- b. The set of consumers who are buying the company's product
- c. the set of consumers who have interest, income and access to a particular offer
- d. the set of consumers with a sufficient level of interest in a market offer

14. match the items of list I with list II

List-I	List-II
a. internal marketing	1. brand and customer equity
b. performance marketing	2. stakeholder
c. integrated marketing	3. marketing department
d. relationship marketing	4. communications

Codes

	A	B	C	D
a.	3	1	4	2
b.	3	2	1	4
c.	2	1	3	4
d.	1	3	4	2

15. Match the items of List II with the items of List I and suggest the correct code.

List-I	List-II
a. style	1. that comes quickly into public view, are adopted with great zeal, peak early and decline very fast
b. fashion	2. basic and distinctive mode of expression appearing in a field of human endeavor.
c. fad	3. currently accepted or popular style in a given field

Codes

	A	B	C
a.	2	3	1
b.	3	1	2
c.	1	2	3
d.	2	1	3

16. The following are the statements relating to the new product development. Indicate the statements being correct or incorrect.

Statement I Most established companies do not focus on incremental innovation for new product development.

Statement II Most established companies enter new markets by tweaking products for new customers.

Codes:

- a. both statements are correct
- b. both statements are incorrect.
- c. statement I is correct while statement II is incorrect
- d. statement I is incorrect while statement II is correct

17. which one of the following is not a factor that reduces price sensitivity of a product?

- a. the product is more distinctive
- b. buyers are fully aware of substitutes
- c. buyers cannot store the product
- d. the product is assumed to have more quality, prestige, or exclusiveness.

18. which one of the following is a system of partnerships and alliances that a firm creates to source, augment and deliver its offerings?

- a. value network
- b. omnichannel marketing
- c. integrated marketing channel system
- d. direct marketing channel

19. Statement I A low market penetration index indicates substantial growth potential for all the firms.

Statement II Generally, price competition increases and margins fall when the market penetration index is already high.

Codes:

- a. both statements are correct
- b. both statements are incorrect
- c. statement I is correct while statement II is incorrect
- d. statement I is incorrect while statement II is correct.

20. Which one of the following is the demand state where 'consumers dislike the product and may even pay to avoid it?

- a. unwholesome demand
- b. declining demand
- c. negative demand
- d. latent demand

ANSWER KEYS'

1=C	2=D	3=B	4=A	5=B	6=A	7=B	8=D	9=A	10=C
11=D	12=C	13=B	14=A	15=A	16=D	17=B	18=A	19=A	20=C

PREVIOUS YEAR QUESTIONS

1. Given below are two statements, one labelled as Assertion and the other labelled as Reason. Read the statements and choose the correct answer using the code given below:

Assertion (A) Luxury brands command price premiums and do not have a strong lifestyle component.

Reason (R) Luxury brands do not require any special consideration in how they are sold.

Codes:

- Both A and R are correct and R is the correct explanation of A.
- Both A and R are correct but R is not the correct explanation of A.
- A is correct but R is incorrect.
- Both A and R are incorrect.

2. Given below are two statements, one labelled as Assertion (A) and the other labelled as Reason (R). Read the statements and choose the correct answer using the code given below.

Assertion (A) The marketing costs of reaching loyal consumers are much lower because the firm does not have to spend money on advertising and promotion campaigns to attract these customers.

Reason (R) A high level of brand loyalty does not insulate the firm from competition.

Codes:

- Both A and R are correct and R is the correct explanation of A.
- Both A and R are correct but R is not the correct explanation of A.
- A is correct but R is incorrect.
- Both A and R are incorrect.

3. Attributes or benefits that consumers strongly associate with a brand, positively evaluate and believe they could not find to the same extent with a competitive brand is known as

- competitive points of parity
- relational points of parity
- correlational points of parity
- points of difference

4. Which one of the following expresses the tendency of consumers to interpret information in a way that fits one's pre-conceptions in the consumer buying behavior?

- selective attention
- selective distortion
- selective retention
- subliminal perception

5. Evaluate the statements according to brand asset valuator model of brand equity.

Statement I Knowledge measures the degree to which a brand is seen as different from others as well as its pricing power.

Statement II Esteem measures perceptions of quality and loyalty or how well the brand is regarded and respected.

- both statements are correct
- both statements are incorrect
- statements I is correct while statement II is incorrect
- statements I is incorrect while statement II is correct

6. If a coaching institute provides some supporting study material along with teaching, then which one of the following service mix category would it be?

- Hybrid offering
- major service with accompanying minor goods and service
- tangible good with accompanying service
- pure service

7. According to five stage model of the consumer buying process, which one of the following sequence is followed?

- Purchase decision → problem recognition → information search → post purchase behavior → evaluation of alternatives.

- b. evaluation of alternatives → purchase decision → information search → post purchase behavior → problem recognition.
 c. information search → evaluation of alternatives → purchase decision → problem recognition → post purchase behavior.
 d. problem recognition → information search → evaluation of alternatives → purchase decision → post purchase behavior

8. Which one of the following refers to attributes or benefits that consumers strongly associate with a brand, positively evaluate and believe they could not find to the same extent with a competitive brand?

- a. points of attributes
 c. points of parity
 b. points of difference
 d. points of purchase

9. Match the items of list with the items of list II and indicate the code of correct matching.

List-I	List-II
a. brand elements	1. the marketers vision of what the brand must be and do for consumers
b. brand line	2. all products, original as well as line and category extensions, sold under a particular brand name
c. brand personality	3. those trade markable devices that serve to identify and differentiate the brand
d. brand promise	4. the specific mix of human traits that may be attributed to a particular brand.

Codes:

- | | | | | |
|----|---|---|---|---|
| | A | B | C | D |
| a. | 3 | 2 | 4 | 1 |
| b. | 1 | 2 | 3 | 4 |
| c. | 3 | 1 | 4 | 2 |
| d. | 4 | 3 | 2 | 1 |

10. which one of the following is a potential drawback of multibranding?

- a. the company's resources may be spread over too many brands
 b. consumers may become confused about the image of the main brand
 c. an over-extended brand name might lose its specific meaning for consumers
 d. different product features can appeal to consumers with different buying motives

ANSWER KEYS'

1=D	2=C	3=D	4=B	5=D	6=B	7=D	8=B	9=A	10=A
-----	-----	-----	-----	-----	-----	-----	-----	-----	------

UNIT-10

STATISTICS

1. The word 'statistics' is used as _____.

- a. Singular.
- b. Plural.
- c. Singular and Plural.
- d. None of above.

Answer: C

2. Who stated that statistics is a branch of applied mathematics which specializes in data?

- a. Horace Secrist.
- b. R.A Fisher.
- c. Ya-Lun-Chou.
- d. L.R. Connor.

Answer: B

3. Out of various definitions, given by the following workers, which definition is considered to be more exact?

- a. R .A. Fisher.
- b. A.L. Bowley.
- c. M.G. Kendall.
- d. Cecil H. Meyers.

Answer: A

8. Statistics can be considered as _____.

- a. An art.
- b. A science.
- c. Neither an art not science.
- d. Both art and science.

Answer: D

9. Sources of secondary data are _____.

- a. Published sources.
- b. Unpublished sources.
- c. Neither published nor unpublished sources.
- d. Both published and unpublished sources.

Answer: D

10. Whether classification is done first or tabulation?

- a. Classification follows tabulation.
- b. Classification precedes tabulation.
- c. Both are done simultaneously.
- d. No criterion.

Answer: B

11. A series showing the sets of all distinct values individually with their frequencies is known as _____.

- a. Grouped frequency distribution.
- b. Simple frequency distribution.
- c. Cumulative frequency distribution.
- d. None of the above.

Answer: B

12. A series showing the sets of all values in classes with their corresponding frequencies is known as _____.

- a. Grouped frequency distribution.
- b. Simple frequency distribution.
- c. Cumulative frequency distribution.
- d. None of the above.

Answer: A

13. In a grouped data, the number of classes preferred are _____.

- a. Minimum possible.
- b. Adequate.

c. Maximum possible.

d. Any arbitrarily chosen number.

Answer: B

14. Class interval is measured as_____.

a. The sum of the upper and lower limit.

b. Half the sum of upper and lower limit.

c. Half the difference between upper and lower limit.

d. The difference between upper and lower limit.

Answer: D

15. A grouped frequency distribution with uncertain first or last classes is known as_____.

a. Exclusive class distribution.

b. Inclusive class distribution.

c. Open end distribution.

d. Discrete frequency distribution.

Answer: C

16. Frequency of a variable is always_____.

a. In percentage.

b. A fraction.

c. An integer.

d. None of the above.

Answer: C

17. The data given as 5, 7, 12, 17, 79, 84, 91 will be called as_____.

a. A continuous series.

b. A discrete series.

c. An individual series.

d. Time series.

Answer: C

18. In an ordered series, the data are_____.

a. In ascending order.

b. In descending order.

c. Either (1) or (2).

d. Neither (1) or (2).

Answer: C

19. Trilinear chart is used to portray simultaneously_____.

a. Two variables.

b. Three variables.

c. Four variables.

d. Any number of variables.

Answer: B

20. Which of the following statements is not correct?

a. The bars in a histogram touch each other.

b. The bar in a column chart touches each other.

c. There are bar diagrams which are known as broken bar diagrams.

d. Multiple bar diagrams also exist.

Answer: B

21. Shoe size of most of the people in India is No. 8. Which measure of central value does it represent?

a. Mean.

b. Second quartile.

c. Eighth deciles.

d. Mode.

Answer: D

22. In case of frequency distribution with classes of unequal widths, the heights of bars of a histogram are proportional to_____.

a. Class frequency.

b. Class intervals.

c. Frequencies in percentage.

d. Frequency densities.

Answer: D

23. Year wise production of rice, wheat and maize for the last ten years can be displayed by_____.

- a. Simple column chart.
- b. Subdivided column chart.
- c. Broken bar diagram.
- d. Multiple column chart.

Answer: D

24. When we have the number of court cases of different categories and information about number of cases settled, the information can be better portrayed through_____.

- a. Sliding bar diagram.
- b. Histogram.
- c. Paired bar diagram.
- d. Column chart.

Answer: A

25. Pictograms are_____.

- a. Very accurate.
- b. Least accurate.
- c. Mostly used.
- d. Scientifically correct.

Answer: B

26. When there are a large number of values in an individual series, preference for portraying the data goes to_____.

- a. Bar diagram.
- b. Column chart.
- c. Line chart.
- d. Scatter diagram.

Answer: C

27. Pie chart represents the components of a factor by_____.

- a. Percentages.
- b. Angels.
- c. Sectors.
- d. Circles.

Answer: C

28. The immigration and out migration of people in a number of countries and also the net migration can be better displayed by_____.

- a. Duo-directional column chart.
- b. Gross-deviation column chart.
- c. Net deviation column chart.
- d. Range chart.

Answer: B

29. The shape of pie diagram is_____.

- a. Square.
- b. Conical.
- c. Rectangle.
- d. Circular.

Answer: D

30. Histograms are_____.

- a. One dimensional diagrams.
- b. Two dimensional diagrams.
- c. Three dimensional diagrams.
- d. None of the above.

Answer: A

31. The other name of the cumulative frequency curve is _____.

- a. Histogram.
- b. Ogive.
- c. Pie chart.
- d. Bar diagram.

Answer: B

32. If a constant 5 is added to each observation of a set, the mean is_____.

- a. Increased by 5.
- b. Decreased by 5.
- c. 5 times the original mean.
- d. Not affected.

Answer: A

33. If each observation of a set is multiplied by 10, the mean of the new set of observations_____.

- a. Remains the same.
- b. Is 10 times the original mean.
- c. Is one-tenth the original mean.
- d. Is increased by 10.

Answer: B

34. If each value of a series is multiplied by 10, the median of the coded values is_____.

- a. Not affected.
- b. 10 times the original median value.
- c. One-tenth of the original median value.
- d. Increased by 10.

Answer: B

35. Individual data is another wise called as _____.

- a. Raw data.
- b. Discrete data.
- c. Continuous data.
- d. Primary data.

Answer: A

36. Extreme value have no effect on_____.

- a. Average.
- b. Median.
- c. Geometric mean.
- d. Harmonic mean.

Answer: B

37. What percentage of values is greater the 3rd quartile?

- a. 75%.
- b. 50%.
- c. 25%.
- d. 0%.

Answer: C

38. The median of the variant values 11, 7, 6, 9, 12, 15, 19 is_____.

- a. 9.
- b. 12.
- c. 15.
- d. 11.

Answer: D

39. The number of partition values in case of quartiles is_____.

- a. 4.
- b. 3.
- c. 2.
- d. 1.

Answer: B

40. Which of the following is a unit less measure of dispersion?

- a. Standard deviation.
- b. Mean deviation.
- c. Coefficient of variation.
- d. Range.

Answer: C

41. Which one of the given measures of dispersion is considered best?

- a. Standard deviation.
- b. Range.
- c. Variance.
- d. Coefficient of variation.

Answer: A

42. Out of all measures of dispersion, the easiest one to calculate is_____.

- a. Standard deviation.
- b. Range.
- c. Variance.
- d. Quartile deviation.

Answer: B

43. Mean deviation is Minimum when deviations are taken from_____.

- a. Mean.
- b. Median.
- c. Mode.
- d. Zero.

Answer: B

44. Which measure of dispersion ensures highest degree of reliability?

- a. Range.** **b. Mean deviation.**
c. Quartile deviation. **d. Standard deviation.**

Answer: D

45. Which measure of dispersion is least affected by extreme values?

- a. Range.
b. Mean deviation.
c. Standard deviation.
d. Quartile deviation.

Answer: D

46. The average of the sum of squares of the deviations about mean is called_____.

- a. Variance.**
c. Standard deviation.
- b. Absolute deviation.**
d. Mean deviation.

Answer: A

47. For a negatively skewed distribution, the correct inequality is_____.

- a. Mode<median.
b. Mean<median.
c. Mean<mode.
d. None of the above.

Answer: C

48. Mean is a measure of _____.

- a. Location.** **b. Dispersion.**
c. Correlation. **d. Regression.**

Answer: A

49. Which of the following is a measure of central value?

- a. Median.
b. Standard deviation.
c. Mean deviation.
d. Quartile deviation.

Answer: A

50. Geometric mean is better than other means _____.

- a. When the data are positive as well as negative.
- b. When the data are in ratios or percentages.
- c. When the data are binary.
- d. When the data are on interval scale.

Answer: B

51. The correct relationship between A.M, G.M and H.M is_____.

- a. $A.M = G.M = H.M.$
c. $H.M \geq G.M \geq A.M.$

Answer: D

52. Which mean is most affected by extreme values?

- a. Geometric mean.
c. Arithmetic mean.
- b. Harmonic mean.
d. Trimmed mean.

Answer: C

53. Graphically partition be determined with the help of_____.

- a. Frequency polygon.
b. Bar diagram.
c. Line diagram.
d. Ogive curve.

Answer: D

55. The measure of dispersion which ignores signs of the deviations from central value is _____.

- a. Range.
- b. Quartile deviation.

c. Standard deviation.

d. Mean deviation.

Answer: D

56. In a case of positive skewed distribution the relation between mean, median and mode that hold is_____.

a. Median > mean > mode.

b. Mean > median > mode.

c. Mean = median = mode.

d. Mean < median < mode.

Answer: B

57. It is one of the measures of central tendency_____.

a. Mean deviation.

b. Standard deviation.

c. Median.

d. Correlation.

Answer: C

58. The value in a series occurs most frequently is called_____.

a. Mean.

b. Median.

c. Mode.

d. Harmonic mean.

Answer: C

59. Which one of the following is not a measure of dispersion ?

a. Range.

b. Standard deviation.

c. Mean deviation.

d. Geometric mean.

Answer: D

60. Range of 8, 12, 5, 15 is _____.

a. 2.

b. 5.

c. 10.

d. 15.

Answer: C

61. Index numbers are also known as _____.

a. Economic barometers.

b. Signs and guide posts.

c. Both (a) and (b).

d. Neither (a) nor (b).

Answer: C

62. Index number is a_____.

a. Measure of relative changes.

b. A special type of an average.

c. A percentage relative.

d. All the above.

Answer: D

63. Most commonly used index number is_____.

a. Diffusion index number.

b. Price index number.

c. Value index number.

d. None of the above.

Answer: D

64. Base period for an index number should be _____.

a. A year only.

b. A normal period.

c. A period of distant past.

d. None of the above.

Answer: B

65. Laspeyre's index numbers possess _____.

a. Downward bias.

b. No bias.

c. Upward bias.

d. None of the above.

Answer: C

66. The difference between the index numbers based on n selected items and total number of items is called _____.

- a. Formula error.
b. Sampling error.
c. Homogeneity error.
d. None of the above.

Answer: B

67. Sampling error in respect of index numbers can be reduced by_____.

- a. Taking a random sample of items.
b. Including large number of items.
c. Both (a) and (b).
d. Neither (a) nor (b).

Answer: C

68. The range of homogeneity error in reference to index numbers is_____.

- a. 0 to 1. b. 0 to ∞ . c. -1 to 1. d. $-\infty$ to ∞ .

Answer: A

69. Combining of two index number series having different base periods into one series with common base period is known as _____.

- a. Splicing.**
c. Both (1) and (2).
- b. Base shifting.**
d. Neither (1) nor (2).

Answer: A

70. An appropriate method for working out consumer price index is _____.

- a. Weighted aggregate expenditure method.
b. Family budget method.
c. Price relative's method.
d. None of the above.

Answer: B

71. Index of industrial production measures the changes in _____.

- a. The quantum production.
b. The value of products.
c. The demand of industrial goods.
d. None of the above.

Answer: A

72. Consumers price index number is constructed for_____.

- a. A well defined section of people.**
b. All people.
c. Factory workers only.
d. In a group of peoples.

Answer: A

73. Laspeyre's index formula uses the weights of the_____.

- a. Base year.
- b. Current year.
- c. Average of the weights of a number of years.
- d. To any arbitrary chosen year.

Answer: A

74. The weights used in Pasches formula belong to_____.

- a. The base period.
b. The given period.
c. To any arbitrary chosen period.
d. Average of the weights of a number of periods.

Answer: B

75. Fishers ideal formula does not satisfy_____.

- a. Time reversal test.
b. Circular test.
c. Factor reversal test.
d. Unit test.

Answer: B

76. Factor reversal test permits the interchange of _____.

- a. Base periods.
b. Price and quantity.
c. Weights.
d. None of the above.

Answer: C

77. The best average to calculate index numbers is_____.

- a. A.M. b. G.M. c. H.M. d. None.

Answer: B

78. If a frequency distribution is positively skewed, the mean of the distribution is_____.

- a. Greater than the mode. b. Less than the mode.
c. Equal to mode. d. Less than the mean.

Answer: A

79. When the coefficient of skewness is zero, the frequency curve is _____.

- a. U shaped. b. J shaped.
c. Bell shaped. d. None of the above.

Answer: C

80. In paache's Index Number priority is given to the price of_____.

- a. Current year. b. Base year.
c. Future year. d. None of the above.

Answer: D

81. If X and Y are two variants, there can be at most_____.

- a. One regression line. b. Two regression lines.
c. Three regression lines. d. An infinite number of regression lines.

Answer: B

82. Scatter diagram of the variant values (X,Y) give the idea about_____.

- a. Functional relationship. b. Regression model.
c. Distribution of errors. d. None of the above.

Answer: C

83. If β_{yx} and β_{xy} are two regression coefficients, they have_____.

- a. A same sign. b. Opposite sign.
c. Either same or opposite signs. d. Nothing can be said.

Answer: A

84. The property if X and Y are independent, then $\beta_{yx} = \beta_{xy} = 0$ is called_____.

- a. Fundamental property. b. Mean property.
c. Independence property. d. Magnitude property.

Answer: C

85. The coordinates (X, Y) satisfy the lines of regression of_____.

- a. Y on X. b. X on Y.
c. Both the regression lines. d. None of the two regression lines.

Answer: C

86. If $\rho=0$, the angle between the two lines of regression is_____.

- a. Zero degree. b. Ninety degree.
c. Sixty degree. d. Thirty degree.

Answer: B

87. The idea of product movement correlation was given by_____.

- a. R.A. Fisher. b. Sir Frances Galeton.
c. Karl Pearson. d. Spearman.

Answer: C

88. If ρ is the simple correlation, the quantity $(1-\rho^2)$ is called _____.

- a. Coefficient of determination.
c. Coefficient of alienation.

- b. Coefficient of non determination.
d. None of the above.

Answer: B

89. The value of correlation ratio varies from _____.

- a. -1 to 1. b. -1 to 0. c. 0 to 1. d. 0 to ∞ .

Answer: A

90. If each group consists of one observation only, the value of correlation ratio is _____.

- a. 0. b. 1. c. Between 0 and 1. d. Between -1 and 1.

Answer: B

91. The average of two regression coefficients is always greater than or equal to the correlation coefficient is called _____.

- a. Fundamental property. b. Signature property.
c. Magnitude property. d. Mean property.

Answer: D

92. If r is called simple correlation coefficient, the quantity r^2 is known as _____.

- a. Coefficient of determination. b. Coefficient of non-determination.
c. Coefficient of alienation. d. Coefficient of variation.

Answer: A

93. The range of simple correlation coefficient is _____.

- a. 0 to ∞ . b. $-\infty$ to ∞ . c. 0 to 1. d. -1 to 1.

Answer: D

94. The nature of correlation between two variables is known from _____.

- a. Bar diagram. b. Pie diagram. c. Pictogram. d. Scatter diagram.

Answer: D

95. The co-efficient of correlation is not affected by _____.

- a. Change of origin. b. Change of scale.
c. Both origin and scale. d. None.

Answer: C

96. If one of the regression coefficient is negative, the other _____.

- a. Must be positive. b. Must be negative.
c. May be positive or negative. d. Non-negative.

Answer: B

97. When $r = 1$ the two regression lines are _____.

- a. Perpendicular to each other. b. Parallel to each other.
c. Coincide. d. None.

Answer: C

98. The regression lines $5x+2y=16$, and $9x+10y=48$ intersect at _____.

- a. 0,8. b. 2,3. c. 3,2. d. 8,0.

Answer: B

99. Rank correlation method was developed by _____.

- a. Karl Pearson. b. R.A. Fisher.
c. Spearman. d. Croxten and cowden.

Answer: C

100. _____ is the geometric mean of two regression coefficient

- a. Mean.
- b. Correlation.
- c. Rank correlation.
- d. Mode.

Answer: B

101. Regression coefficients are affected by change of _____.

- a. Origin.
- b. Scale.
- c. Both origin and scale.
- d. Neither origin nor scale.

Answer: B

102. Correlation analysis deals with _____.

- a. Two attributes.
- b. Two variables alone.
- c. Variables.
- d. Averages.

Answer: C

103. Correlation between the number of children born and the number of train accident is _____.

- a. Positive correction.
- b. Spurious correlation.
- c. Negative correlation.
- d. Rank correlation.

Answer: B

104. Graphical method under dispersion is _____.

- a. Frequency curve.
- b. Normal curve.
- c. Lorenz curve.
- d. Ogive.

Answer: C

105. The point of intersection of the two Ogives is _____.

- a. Mean.
- b. Median.
- c. Mode.
- d. G.M.

Answer: B

106. The mean of 1,2,3,4,5 is _____.

- a. 1.
- b. 2.
- c. 3.
- d. 4.

Answer: C

107. A measure of _____ gives a single representative value for a set of usually unequal values.

- a. Dispersion.
- b. Central tendency.
- c. Variation.
- d. Relation.

Answer: B

108. In a symmetrical distribution mean median and mode are _____.

- a. Equal.
- b. Unequal.
- c. Zero.
- d. One.

Answer: A

109. The mode of 1,5,6,8,5,9,5,8,5

- a. 1
- b. 8
- c. 5
- d. 6

Answer: C

110. Median usually lies between _____.

- a. Mean and mode.
- b. Mean and G.M.
- c. Mean and H.M.
- d. G.M and H.M.

Answer: A

111. Statistics considers _____.

- a. A single item.
- b. A set of items.
- c. Either a single item or a set of items.
- d. Neither a single item nor a set of items.

Answer: B

112. Number of methods of collection of primary data is _____.

- a. 2.
- b. 3.
- c. 4.
- d. 5.

Answer: D

113. In a bar diagram _____.

- a. Only height is considered.
- b. Only width is considered.
- c. Both height and width are considered.
- d. Height, width and thickness are considered.

Answer: A

114. A time series consist of _____.

- a. Two components.
- b. Three components.
- c. Four components.
- d. Five components.

Answer: C

115. The general decline in sales of cotton clothes is attached to the component of the time series is _____.

- a. Secular trend.
- b. Cyclical variation.
- c. Seasonal variation.
- d. All of the above.

Answer: A

116. Secular trend is indicative of long term variation towards _____.

- a. Increase only.
- b. Decrease only.
- c. Either increase or decrease.
- d. None of the above.

Answer: C

117. Method of least squares to fit in the trend is applicable only if the trend is _____.

- a. Linear.
- b. Parabolic.
- c. Both (a) and (b).
- d. Neither (a) nor (b).

Answer: C

118. Cyclic variations in a time series are caused by _____.

- a. Lockouts in a factory.
- b. War in a country.
- c. Floods in the states.
- d. None of the above.

Answer: D

119. Trend in a time series means _____.

- a. Long term regular movement.
- b. Short term regular movement.
- c. Both (a) and (b).
- d. Neither (a) nor (b).

Answer: A

120. The terms prosperity, recession, depression and recovery are in particular attached to _____.

- a. Secular trend.
- b. Seasonal fluctuations.
- c. Cyclic movements.
- d. Irregular variations.

Answer: C

121. An additive model of time series with the components T, S, C and I is _____.

- a. $Y = T + S + C * I$.
- b. $Y = T + S * C * I$.

c. $Y=T+S+C+I$.

d. $Y=T+S \cdot C+I$.

Answer: C

122. Moving average method of ascertaining trend is not suitable for_____.

a. Finding trend values.

b. Projections.

c. Both (1) and (2).

d. Neither (1) nor (2).

Answer: B

123. Moving average method suffers from_____.

a. Loss of information.

b. The element of subjectivity.

c. The decision about the number of years in groups.

d. All of the above.

Answer: D

124. Link relatives in a time series remove the influence of_____.

a. The trend.

b. Cyclic variation.

c. Irregular variations.

d. All the above.

Answer: A

125. First difference method for isolating cycles is applicable if observations pertain to_____.

a. Early data.

b. Quarterly data.

c. Monthly data.

d. Any data.

Answer: A

126. In percentage ratio method of measuring cyclic variations one finds_____.

a. Actual changes.

b. Relative changes.

c. Percent ratio changes.

d. All the above.

Answer: C

127. Reference cycle analysis method of measuring cycles is applicable to_____.

a. Current time series.

b. Past time series.

c. Both (1) and (2).

d. Neither (1) nor (2).

Answer: B

128. To which component of the time series, the term recession is attached?

a. Trend.

b. Seasonal.

c. Cycles.

d. Random variation.

Answer: C

129. If the slope of the trend line is positive, it shows_____.

a. Rising trend.

b. Declining trend.

c. Stagnation.

d. All of the above.

Answer: A

130. The sales of a departmental store on Dushera and Diwali are associated With the component of a time series_____.

a. Secular trend.

b. Seasonal variation.

c. Irregular variation.

d. Cyclical variation.

Answer: B

131. Least square method of fitting a trend is_____.

a. Most exact.

b. Least exact.

c. Full of subjectivity.

d. Mathematically unsound.

Answer: A

132. If the trend line with 1975 as origin is $Y = 20.6 + 1.68X$, the trend line with 1971 as origin is_____.

a. $Y = 20.6 + 6.72X$.

b. $Y = 13.88 + 1.68X$.

c. $Y = 34.61 + 1.68X$.

d. $Y = 34.61 - 1.68X$.

Answer: B

133. Seasonal variation occur at an interval of_____.

a. 7 years.

b. 5 years.

c. 1 year.

d. 2 years.

Answer: C

134. Cyclic fluctuations are caused by_____.

a. Flood.

b. War.

c. Strike.

d. None.

Answer: D

135. The trend can be found by the method of least squares _____.

a. If the nature of trend is known.

b. If the trend is not linear.

c. If the trend is linear.

d. If the nature of the trend is unknown.

Answer: C

136. The cause of cyclones and floods in time series is associated with the _____.

a. Irregular variation.

b. Cyclical variation.

c. Seasonal variation.

d. None of the above.

Answer: A

137. Range for the given values 10, 10, 10, 10, 10, 10, is

a. 0.

b. 10.

c. 20.

d. -10.

Answer: A

138. The line obtained by the method of least squares is known as the line of _____.

a. Best fit.

b. Correlation.

c. Regression.

d. None.

Answer: A

139. The range of 5,12,15,7,8 _____.

a. 5

b. 10

c. 15

d. 20

Answer: B

140. Climate and weather conditions cause _____.

a. Cyclic variation.

b. Seasonal variation.

c. Secular trend.

d. Non-secular trend.

Answer: B

141. Classifying the data on time basis is known as_____.

a. Geographical.

b. Chronological.

c. Serial.

d. Calendar.

Answer: B

142. Graphs of time series are called_____.

a. Hitorigrams.

b. Hitograms.

c. Pie charts.

d. Bar diagrams.

Answer: A

143. _____ is not a component of time series.

a. Secular trend.

b. Seasonal variation.

c. Coefficient of variation.

d. Cyclic variation.

Answer: C

144. The sales of crackers in time series is associated with the _____.

a. Irregular variation.

b. Cyclical variation.

c. Seasonal variation.

d. None of the above.

Answer: C

145. The data collected by questionnaires are _____.

a. Primary data.

b. Secondary data.

c. Published data.

d. Grouped data.

Answer: A

146. Which one of the following is not a sources of secondary data?

a. Personal contact.

b. Records.

c. Journal.

d. Newspaper.

Answer: A

147. Classification is the process of arranging data in _____.

a. Columns.

b. Rows.

c. Columns and rows.

d. Ascending order.

Answer: C

148. When a population is infinite, the appropriate method is _____.

a. Census method.

b. Sample method.

c. Both the census and sample method.

d. Neither census nor sample method.

Answer: B

149. The maximum sales of the woollen clothes in time series is attached to the _____.

a. Seasonal variation.

b. Cyclic variation.

c. Irregular variation.

d. None of the above.

Answer: A

150. Diagrams and graphs are tools of _____.

a. Collection of data.

b. Analysis.

c. Presentation.

d. Classification.

Answer: C

OTHER IMPORTANT MCQs OF BUSINESS STATISTICS

1. The specific statistical methods that can be used to summarize or to describe a collection of data is called:

a) Descriptive statistics

b) Inferential statistics

c) Analytical statistics

d) All of the above

2. The need for inferential statistical methods derives from the need for.

a) Population

b) Association

c) Sampling

d) Probability

3. A population, in statistical terms, is the totality of things under consideration. It is the collection of all values of the that is under study.

a) Instance

b) Variable

c) Amount

d) Measure

4. Non-sampling errors are introduced due to technically faulty observations or during the of data.
 a) Processing b) Analysis
 c) Sequencing d) Collection
5. Sampling is simply a process of learning about them on the basis of a sample drawn from it.
 a) Census b) Population
 c) Group d) Area
6. Numerical facts are usually subjected to statistical analysis with a view to helping a decision-maker make wise decisions in the face of.
 a) Interpreting b) Uncertainty
 c) Summarizing d) Organizing
7. In statistics, classification includes data according to the time period in which the items under consideration occurred.
 a) Chronological b) Alphabetical
 c) Geographical d) Topological
8. Data is simply the numerical results of any scientific .
 a) Analysis b) Researches
 c) Observation d) Measurement
9. The process would be required to ensure that the data is complete and as required.
 a) Tabulation b) Analysis
 c) Editing d) Ordering
10. A sample is a portion of the population that is considered for study and analysis.
 a) Selected b) Total
 c) Fixed d) Random
11. The method of sampling, in which the choice of sample items depends exclusively on the judgement of the investigator is termed as .
 a) Convenience sampling b) Quota sampling
 c) Systematic sampling d) Judgement sampling
12. Both the sampling as well as the non-sampling errors must be reduced to a minimum in order to get as representative a sample of the as possible.
 a) Group b) Region
 c) Population d) Universe
13. The larger the size of the population, the should be the sample size.
 a) Smaller b) Larger
 c) Accurate d) Fixed
14. When the data is to be processed by computers, then it must be coded and converted into the.
 a) English language b) Regional language
 c) Statistical language d) Computer language
15. A variable is any characteristic which can assume values.
 a) Different b) Similar
 c) Fixed d) Assumed
16. The basic objective of a sample is to draw about the population from which such sample is drawn.

a) Conclusion

c) Inferences

b) Characteristics

d) Parameters

17. In type of classification, the data is grouped together according to some distinguished characteristic or attribute, such as religion, sex, age, national origin, and so on.

a) Quantitative

c) Qualitative

b) Chronological

d) All of the above

18. A variable is a variable whose values can theoretically take on an infinite number of values within a given range of values.

a) Continuous

c) Random

b) Discrete

d) Both (a) and (b)

19. A perfect random number table would be one in which every digit has been entered

a) Chronologically

c) Randomly

b) Sequentially

d) Arbitrarily

20. The random variables yield categorical responses so that the responses fit into one category or another.

a) Quantitative

c) Continuous

b) Discrete

d) Qualitative

21. For a sample to be truly representative of the population, it must truly be .

a) Fixed

c) Specific

b) Random

d) Casual

22. A is a phenomenon of interest in which the observed outcomes of an activity are entirely by chance, are absolutely unpredictable and may differ from response to response.

a) Discrete variable

c) Random variable

b) Continuous variable

d) All of the above

23. By definition of randomness, each has the same chance of being considered.

a) Possible entity

c) Random entity

b) Probable entity

d) Observed entity

24. Before any procedures for are established, the purpose and the scope of the study must be clearly specified.

a) Data analysis

c) Data collection

b) Data tabulation

d) Data selection

25. Adequacy of data is to be judged in the light of the requirements of the survey and the geographical areas covered by the data.

a) Collected

c) Organized

b) Available

d) Tabulated

26. If the sample is truly representative of the population, then the characteristics of the sample can be considered to be the same as those of the _ population.

a) Fixed

c) Random

b) Selected

d) Entire

27. Statistical inference deals with methods of inferring or drawing about the characteristics of the population based upon the results of the sample taken from the same population.

a) Details

c) Conclusions

b) Decisions

d) Samples

28. If the sample size is too small, it may not represent the population or the universe as it is known, thus leading to incorrect inferences.

- a) Appropriately
- b) Reliably
- c) Homogeneously
- d) Heterogeneously

29. Editing would also help eliminate inconsistencies or obvious errors due to treatment.

- a) Characteristic
- b) Arithmetical
- c) Calculation
- d) Tabulation

30. When an investigator uses the data which has already been collected by others, such data is called .

- a) Primary data
- b) Collected data
- c) Processed data
- d) Secondary data

31. In the case of the questionnaire method of gathering data, it should be made certain that all the questions have been .

- a) Read
- b) Interpreted
- c) Answered
- d) All of the above

32. provides various types of statistical information of either qualitative or quantitative nature.

- a) Sampling
- b) Tabulation
- c) Observation
- d) Editing

33. In statistics, classification groups the data according to locational differences among the items.

- a) Chronological
- b) Geographical
- c) Regional
- d) Alphabetical

34. The degree of randomness of selection would depend upon the process of selecting the items from the .

- a) Population
- b) Region
- c) Sample
- d) Data

35. A sample is obtained by selecting convenient population units

- a) Random
- b) Quota
- c) Stratified
- d) Convenience

36. A sample is formed by selecting one unit at random and then selecting additional units at evenly spaced intervals until the sample has been formed.

- a) Stratified
- b) Systematic
- c) Judgement
- d) Random

37. The sampling errors arise due to drawing faulty inferences about the based upon the results of the samples.

- a) Sample
- b) Survey
- c) Population
- d) Census

38. A summary measure that describes any given characteristic of the population is known as a

- a) Parameter
- b) Information
- c) Inference
- d) Statistics

39. means separating items according to similar characteristics and grouping them into various classes.

- a) Tabulation
- b) Editing

c) Separation

d) Classification

40. is one which is collected by the investigator himself for the purpose of a specific inquiry or study.

a) Secondary data

b) Primary data

c) Statistical data

d) Published data

EXPECTED MCQs FOR EXAM

1. In a normal distribution, mean (μ) \pm 3s (3 standard deviation) limits contains approximately -

a) 99.73% of the observations,

b) 99.27% of the observations,

c) 96% of the observations,

d) 95% of the observation.

Ans : a

2. Half percent of the letters mailed in a city have incorrect address. Out of 200 such letters mailed in a day, the probability of finding at most 3 incorrect address is -

a) $3e/8$,b) $3/3e$ -c) $1/63-1$,d) $5/2e-1$.**Ans : b**

3. If X is a random variable normally distributed with mean μ and variance σ^2 , then the mean deviation about mean is given by -

a) $1/2\pi$,b) $2/\pi$,c) $\sigma/2\pi$,d) 2σ **Ans : a**

4. The level of significance is the probability of committing -

a) Type I error,

b) Type II error,

c) Standard error,

d) Probable error.

Ans : a

5. Which of the following tests is used to test a hypothesis about the mean of a univariate normal distribution with unknown variance?

a) Normal test,

b) Student's test,

c) Paired t-test,

d) Chi-square test.

Ans : b

6. Mean and variance of Binomial distribution are -

a) μ and σ^2 ,b) μ and nq ,c) μ and np ,d) np and npq .**Ans : d**

7. "Two or more events are called mutually exclusive, if the occurrence of any one of them excludes the occurrence of the other". This statement is given by -

a) M S Roy,

b) Morris Hamburg,

c) Murray Spiegel,

d) Emile Bovel.

Ans : c

8. The probability of the happening of anyone of the several equally likely events is the ratio of the number of events favourable to it to the total number of -

a) Possible errors,

b) Impossible errors,

c) Possible events,

d) all of these.

Ans : c

9. The that one of the several mutually exclusive events $X_1, X_2, X_3, \dots, X_n$, shall happen is the sum of the probabilities of the individual events.

a) Regression analysis,

b) Correlation analysis,

c) Probability,

d) Error.

Ans : c

10. is an act or process which leads to a single definite outcome.

a) Simple experiment,

b) Exhaustive event,

c) Sampling,

d) Manipulation.

Ans : a

11. Probability theory does not include -

- a) Mathematical expectations,
- b) Conditional probability,
- c) Correlation analysis,
- d) Bernoulli's process.

Ans : c**12. Which of the following is /are characteristics of Poisson distribution?**

- a) Main parameter (m) = np,
- b) Value of p and q,
- c) Discrete distribution,
- d) all of the above.

Ans : d**13. If A and B are two mutually exclusive events, then probability that either of the two events will appear is the sum of their -**

- a) Individual probabilities,
- b) Likely events,
- c) Entire population,
- d) None of the above.

Ans : a**14. From a well shuffled pack of 52 cards, a card is selected at random. Find the probability that it is a black coloured card.**

- a) $\frac{1}{4}$,
- b) $\frac{26}{36}$,
- c) $\frac{1}{2}$,
- d) $\frac{1}{3}$.

Ans : c**15. If $p=q=\frac{1}{2}$, the frequency distribution will be -**

- a) Perfectly symmetrical,
- b) Non-perfectly symmetrical,
- c) Zero,
- d) +1.

Ans : a**16. Distributions which are not obtained by actual observations but are deduced mathematically under certain definite hypothesis or assumptions are called -**

- a) Correlation analysis,
- b) Theoretical frequency distribution,
- c) Regression analysis,
- d) Mean and average.

Ans : b**17. Binomial distribution is a discrete probability distribution which expresses probability of one set of dichotomous alternatives known as -**

- a) mode,
- b) Success and failure,
- c) Correlation analysis,
- d) all of these.

Ans : b**18. Frequency distribution includes -**

- a) Binomial distribution,
- b) Poisson distribution,
- c) Normal distribution,
- d) all of these.

Ans : d**19. Size of the binomial distribution depends on -**

- a) Value of X and Y,
- b) Value of Z and B,
- c) Value of p and q,
- d) Value of 't'.

Ans : c**20. Binomial distribution was developed by -**

- a) Marshal,
- b) Fisher,
- c) Jacob Bernoulli,
- d) Bordington.

Ans : c**21. The density function is a measure of the concentration of probability within -**

- a) Limit,
- b) Interval,
- c) Distribution,
- d) Probability theory.

Ans : b

22. If in a binomial distribution P is very small and n is very large but $nP = m$, i.e. expected or mean value of binomial distribution is not negligible, it approximates closely to the –

- a) Regression analysis,
b) Correlation analysis,
c) Poisson distribution,
d) Mean.

Ans : c

23. Which of the following is /are characteristic of Poisson distribution?

- a) Discrete distribution,
b) Value of p and q,
c) Main parameter (m) = np,
d) all of these.

Ans : d

24. Six dice are thrown 729 times. How many times do you expect the dice to show five or six?

- a) 160, b) 130, c) 233, d) 270.

Ans : c.

25. Probability density function gives the rate at which the Would accumulate if we were to sweep from left to right on the axis of the value of continuous random variable.

- a) Mean, b) Average, c) Probability, d) Mode.

Ans : c

26. The incidence of occupational disease in an industry is such that the workers have 20% chance of suffering from it. What is the probability that out of 6 workers 4 or more will contract disease?

- a) 3/69, b) 39/139, c) 160/139, d) 53/3125.

Ans : d

27. Suppose that in a box of 80 bulbs packed, the mean number of defects per box is 0.3. What per cent of bulbs will have no mistake?

- a) 30%, b) 74%, c) 12%, d) 120%.

Ans : b

28. The probability that a college student will be graduate is 0.4. What will be the probability that out of the 5 students, none will be graduate?

- a) 0.333, b) 0.0777, c) 0.562, d) 0.427.

Ans : b

29. A and B play a game in which A's chance of winning is $\frac{3}{5}$. In a series of 6 games, what is the chance that A will win at least 4 games?

- a) 54, b) 50, c) 45, d) 90.

Ans : a

30. Find the probability that in a family of 4 children there will be at least one boy. Assume that the probability of a male birth is $\frac{1}{2}$.

- a) $7/8$, b) $3/9$, c) $15/16$, d) $1/9$

Ans : c

31. Correlation implies that-

- The effect of correlation is to reduce the range of uncertainty of our prediction,
- Between two series or groups of data there exists some causal connections,
- The whole subject of correlation refers to inter-relation between separate character by which they tend, in some degree at least, to move together,
- all of the above.

Ans : d

32. Degree of correlation includes –

- a) Perfect correlation,
b) Absence of correlation,
c) Limited degree of correlation,
d) all of the above.

Ans : d

33. Which of the following can be used to determine correlation?

- a) Simple graphical method,
- b) Karl Pearson's coefficient,
- c) Least square method,
- d) all of the above.

Ans : d

34. Which of following is / are characteristics of Karl Pearson's coefficient of correlation?

- a) Indication of degree,
- b) Indicator of the direction,
- c) A satisfactory measure,
- d) all of these.

Ans : d

35. Assumptions of Karl Pearson's Coefficient of correlation includes -

- a) Normality,
- b) Cause and effect relationship,
- c) Linear nature,
- d) all of the above.

Ans : d

36. The value of Karl Pearson's Coefficient of correlation can be -

- a) ± 1 ,
- b) ± 2 ,
- c) 0,
- d) ± 0.5

Ans : a

37.defines the limits above and below the size of the coefficient determined within which, there is an equal chance that coefficient, similarly calculated from other samples will fall.

- a) Standard error,
- b) Correlation error,
- c) Probable error,
- d) Average error.

Ans : c

38. The Error of correlation is an amount which if added to and subtracted from the average correlation coefficient produces amounts within which the chances are even that a coefficient of correlation from a series error selected at random will fall.

- a) standard,
- b) Probable,
- c) Average,
- d) Sample.

Ans : b

39. R_{1.23} is -

- a) Regression analysis,
- b) Sample correlation,
- c) Multiple correlation,
- d) Partial correlation.

Ans : c

40. If $r_{12} = 0.9$, $r_{13} = 0.75$, $r_{23} = 0.7$, find $R_{1.23}$ -

- a) 0.916,
- b) 0.36,
- c) 0.39,
- d) 0.691.

Ans : a

41. It is often more important to find out what the relation actually is, in order to estimate or produce one variable, and the technique appropriate to such a case is called -

- a) Correlation analysis,
- b) Mean,
- c) Regression analysis,
- d) median.

Ans : c

42. While correlation analysis tests the with which two or more phenomena covary, regression analysis measures the nature and extent of this relation, this enabling as to make prediction.

- a) Closeness,
- b) Realization,
- c) Separation,
- d) Validation.

Ans : a

43. A line used to estimate the value of one variable from the value of the other consists of a line through the points, drawn in such a manner as to represent the average relationship between the two variables is known as -

- a) Correlation,
c) Regression,
- b) Average,
d) Sampling.

Ans : c

44. Regression equation of x on y can be –

- a) $y = a + bx$,
c) $y = a + bx^2 + cx$
- b) $x = a + by$,
d) $x = a + b$

Ans : b

45. In a sample of 400 books, 172 were Economics books. Estimate the population proportion at 95% confidence levels –

- a) 43% to 12%,
c) 9% to 15%,
b) 47.8% to 38.1%,
d) 12% to 20%.

Ans : b

46. Z-test is a-

- a) student's t-test,
b) Fisher's Z-test,
c) Fisher's t-test,
d) Student's Z-test.

Ans : b

47. χ^2 is a-

- a) Mean square test,
b) Correlation test,
c) Chi-square test,
d) X-test.

Ans : c

48. χ^2 is tested by –

- a) Bordington,
c) Prof. Chi-Square,
- b) C H Meyers,
d) Karl Pearson.

Ans : d

49. Which of the following is the application of χ^2 test?

- a) Test of freedom,
c) Test of goodness of fit,
- b) Test concerning the variance of a normal distribution,
d) all of the above.

Ans : d

50. The frequency distributions are –

- a) binomial, b) poisson,
c) normal, d) all of these.

Ans : d

PRACTICE SET

1. Important objective of statistical analysis is to get _____ that describes the characteristics of the entire data.

- Single value
- Average value
- central value
- all of these

2. The modal class is a class with _____ frequency.

- a. Highest c. no
b. Lowest d. none of these

3. Calculation of arithmetic mean by short cut and step deviation method is based on assumed mean, which is taken from
- Given independent variable
 - Given frequency distribution
 - Estimated cumulative frequency distribution
 - None of the above
4. The arithmetic mean of a series so the figure obtained by dividing the sum of values of all items by
- 2
 - 3
 - 4
 - their number
5. Which of the following are the positional averages?
- Mean
 - Median
 - Mode
- Codes
- 1 2
 - 2 3
 - 1 3
 - 1 2 3
6. Which of the following is not a mathematical average?
- Median
 - Arithmetic mean
 - geometric mean
 - harmonic mean
7. Arithmetic mean and harmonic mean includes all values of the data set in its calculation
- True
 - False
 - partly true
 - none of these
8. A measure of central tendency means
- An average of a distribution
 - A single figure which can be regarded as a representative of the whole distribution
 - Representative of a set of data
 - All of the above
9. Weighted averages are considered when
- The data are not classified
 - The data are put in the form of grouped frequency distribution
 - All the observations are not of equal importance
 - Both a and c
10. _____ is particularly useful when we have to compute the mean of means
- Arithmetic mean
 - Geometric mean
 - weighted arithmetic mean
 - none of the above
11. The less than and more than cumulative frequency plot should intersect at the _____ of the data.
- Mean
 - Median
 - mode
 - all of these

12. Mode is a positional average which is used to deal with which type of data?

1. Quantitative data

2. Qualitative data

Codes

- a. 1 b. 2 c. 1 2 d. none of these

13. Object of median is to

a. Fix a representative value

b. Establish a dividing line separating the higher from the lower values

c. Both a and b

d. Neither a nor b

14. The _____ is less sensitive to extreme scores than the _____.

a. Median, mean

c. mode, median

b. Mean, median

none of these

15. Mode quantitatively describes

a. Standard behavior

c. fashion or trend of the period

b. Abnormalities

d. none of the above

16. Find out the value of the median from the following frequency

Size of items	8	10	12	14	16	18	20
Frequency	3	7	12	28	10	9	6

- a. 12 b. 14 c. 16 d. 18

17. The following figures represent the number of book issued at the counter of a commerce library in 11 different ways. Calculate the median.

19, 180, 98, 75, 270, 20, 102, 100, 94, 75, 200

- a. 96 b. 98 c. 100 d. 102

18. Statistical average has significance due to following sequences

1. To present huge mass of data in a summarized form

2. To facilitate comparison of different sets of data

3. To help decision making

- a. 1 2 3 b. 2 3 1 c. 2 1 3 d. 3 2 1

19. Which of the following statistical measures is based on all observations?

a. Harmonic mean

c. mode

b. Range

d. none of these

20. Which of the following can be calculated from a cumulative frequency curve?

a. Geometric mean

c. median

b. Harmonic mean

d. mode

21. Which of the following can be calculated for grouped data with open ended classes?

- a. Mean b. median c. mode d. both b and c

22. How will the arithmetic mean be affected by adding a constant 'b' to every item?

- a. $\bar{x} + b$ b. $\bar{x} - b$ c. \bar{x}/b d. none of these

23. it is appropriate to calculate the mean excluding the extreme value in order to make it more representative.

- a. True b. false c. partly true d. none of these

24. In a series, the sum of all the observations is _____ times the arithmetic mean.

- a. 2 b. mean itself c. 5 d. none of these

25. If first and third quartile is 40 and 80 respectively. The median is

- a. 60 b. 50 c. 45 d. 70

26. Which of the following measures of central tendency may not be contained in the observation?

- a. Mean b. median c. mode d. all of these

27. Arithmetic mean of a group of 100 items is 50 and of another group of 150 items is 100. what will be the mean of all items?

- a. 75 b. 100 c. 80 d. none of these

28. Given, mode = 22 and median = 21.4. find out the average mean.

- a. 21.1 b. 21.4 c. 22.1 d. 22.4

29. Calculate the mean of marks of 46 students from the following table

Marks X	Frequency
9	1
10	2
11	3
12	4
13	5
14	6
15	7
16	8
17	9
18	10
Total	55

- a. 12.01 b. 15 c. 14.56 d. none of these

30. In a moderately asymmetrical distribution, the mode and mean are 42 and 40 respectively. The median is

- a. 39 b. 40.67 c. 38 d. 41.02

31. Calculate mean from the following data

Age X	Frequency f
17	2
18	1
19	1
20	2
22	3
23	1

- a. 15 b. 30 c. 20 d. 40

32. The mean age group of 100 persons was found to be 30.2. later it was discovered that age 57 was misread as 27. Find the correct mean

- a. 30.5 b. 31.23 c. 32.32 d. 36.44

33. Arithmetic mean of 98 items is 50. Two items 60 and 70 were left out at the time of calculation. What will be the correct mean of all the items?

- a. AM = 50.2 b. AM=50.3 c. AM=49.9 d. AM=50.9

34. Find the median from the following data.

Gross profit (% of sales)	Number of companies
0-10	21
10-20	32
20-30	43
30-40	34
40-50	23

- a. 23.40 b. 25.46 c. 40.40 d. 38.53

35. Range limit can be expressed as

- a. $R = L + S$ b. $R = L + S/2$ c. $R = L - S$ d. None of these

36. Which of the following is the tool of measures of the variation of items?

- a. Mean b. median c. mode d. dispersion

37. The most commonly used measure of dispersion is _____

- a. Range c. coefficient of c=variation
b. Standard deviation d. quartile deviation

38. Which measure of dispersion is square of standard deviation?

- a. Variance c. quartile deviation
b. Range d. mean deviation

39. _____ is a true measure of dispersion.

- a. Range c. inter-quartile range
b. Mean deviation d. none of these

40. Coefficient of range can be calculated as

- a. $L + S/L \times S$ b. $L + S/L - S$ c. $L - S/L + S$ d. $L \times S/L + S$
- 41.** Standard deviation can be expressed as
 a. $\sum \{\bar{x} - x\} / n$ b. $\sum \{x - \bar{x}\} / N$ c. $\delta = \sum (x - \bar{x})^2 / n$ d. none of these
- 42.** Which of the following is correct formula to calculate width of the class?
 a. Class range / number of classes
 b. Class range \times number of classes
 c. Class range + total number of sample
 d. None of the above
- 43.** Which of the statements are true about measures of dispersion.
 1. The divergence of a set of observation
 2. The concentration of a set of observation
 Codes
 a. 1 b. 2 c. 1 2 d. none of the above
- 44.** For a continuous frequency distribution range is defined as
 a. Difference between the upper limit of the first class and lower limit of last class
 b. Difference between the upper limit of the highest class and the lower limit of the smallest class
 c. Difference between the upper limit of the highest class and lower limit of the highest class
 d. None of the above
- 45.** Range is the measure of dispersion which is used for the following purpose
 1. Quantity control of products.
 2. Studying the fluctuation in financial and share market.
 Codes
 a. 1 b. 2 c. 1 2 d. none of the above
- 46.** The range based on middle 50% of the observations is called _____
 a. Quartile deviation c. inter quartile range
 b. Inter quartile deviation d. none of the above
- 47.** A small quartile deviation denotes _____ in the central 50% of the observations
 a. High variation c. highest value
 b. Low variation d. none of these
- 48.** Calculate the value of variance if median = 23, mode = 29 and coefficient of variance is 50%
 a. 100 b. 10 c. 90 d. 80
- 49.** Compute the coefficient of range from the following data 91, 54, 44, 56, 71, 25, 09, 27, 72, 62
 a. 0.79 b. 0.82 c. 0.85 d. 0.76

50. Following is the information about the employees in an organization in various age groups. Compute range and coefficient of range.

Class (years)	Number of employees
56-60	7
61-65	16
66-70	39
71-75	28
76-80	10

- a. 22, 1.02 b. 23, 0.12 c. 24, 0.1765 d. none of these

51. In case of _____ distribution mean, median, mode coincide.

- a. Symmetrical c. moderately asymmetrical
b. Asymmetrical d. none of above

52. For symmetrical distribution which of the following is true?

- a. Median - Q1 = Q3 - median c. Mean - Q1 = Q3 - mode
b. Mode - Q1 = Q3 - median d. none of the above

53. In a unimodal and symmetric distribution, the relationship between average is like this.

- a. Mean > median > mode c. mean = median = mode
b. Mean < median > mode d. mean > median < mode

54. Karl Pearson coefficient of skewness is calculated by following formula

- a. $\bar{x} - Z / \delta$ b. $\bar{x} - M / \delta$ c. $Z - \bar{x} / \delta$ d. $\bar{x} - \delta / Z$

55. bowleys coefficient of skewness is calculated by following formula

- a. $Q3 + Q1 - M / Q3 - Q1$ c. $Q2 + Q1 - 2M / Q3 - Q1$
b. $Q3 + Q1 - 2M / Q3 + Q1$ d. $Q3 + Q1 - 3M / Q3 - Q1$

56. Skewness will be negative, when

- a. $\bar{x} > Z$ b. $\bar{x} < Z$ c. $\bar{x} = Z$ d. none of these

57. in a series, the difference of two quartiles is 10 their sum is 25 and the median is 6.5, then the coefficient of skewness will be

- a. 0.12 b. 1.2 c. 12 d. 2.5

58. In a frequency distribution, bowleys coefficient of skewness is 0.6, if the sum of two quartiles is 100 and median is 38, the value of third quartile will be

- a. 70 b. 30 c. 60 d. 40

59. If mean = 45, median = 48 and coefficient of skewness = - 0.4 then the value of standard deviation will be

- a. 20.5 b. 15.9 c. 22.5 d. 25.8

60. The theory of mean of which quantitative connections between the sets of phenomena are determined is called the _____
- Theory of correlation
 - Theory of regression
 - theory of determination
 - none of these
61. Which one of the following is a formula of Karl pearson coefficient correlation?
- $r = \frac{\sqrt{\sum XY}}{\sum X^2 \sum Y^2}$
 - $r = \frac{\sum XY}{\sqrt{\sum Y^2 - \sum X^2}}$
 - $r = \frac{\sum xy}{\sqrt{x^2 - \sum y^2}}$
 - none of these
62. ---
63. Correlation is said to be linear, when the
- Increase in one variable results decrease in the other
 - Decrease in one variable results an increase in the other
 - Change in one variable does not affect the other
 - Change in one variable tend to bear constant ratio of change in the other
64. Correlation obtained by concurrent deviation method indicate only following results
- Direction of co-changes
 - Degree of co-changes
 - Direction and degree of co-changes
 - None of the above
65. Coefficient of correlation between X and Y is directly proportional to
- Standard deviation of X
 - Standard deviation of Y
 - covariance of X and Y
 - both a and b
66. Which drawing a scatter diagram if all the points appear to form a straight line going downward from left to right, then it is inferred that there is a
- Perfect positive correlation
 - Simple positive correlation
 - perfect negative correlation
 - no correlation
67. Coefficient of determinations is defined as
- R^2
 - $1 - r^2$
 - $1 + r^2$
 - r^2
68. There will be positive correlation in X and Y, if
- Both the variable are varying in the same direction
 - Variables are varying in opposite direction
 - There is no certain trend of change in both variables
 - None of these
69. ---
70. ----

71. Proportion of changes in y due to change in x is denoted by the following measures.
- | | |
|-------------------------------|---------------------------------|
| a. Standard error estimate | c. coefficient of determination |
| b. Coefficient of correlation | d. probable error |
72. -----
73. -----
74. -----
75. If in two series the change occurs in same direction (either increase or decrease) then correlation is
- | | |
|-------------|------------------|
| a. Negative | c. zero |
| b. Positive | d. none of these |
76. Which of the following are related with the utility of correlation?
- | | |
|----------------------------|-----------------------------------|
| a. Help in decision making | c. relation between two variables |
| b. Useful in research work | d. all of the above |
77. Which of the following is a causes of correlation?
- | | |
|--|--------------------|
| a. Direct relationship | c. mutual reaction |
| b. Correlation due to any other common cause | d. none of these |
78. If two entries are assigned the average of rank 5 and its next rank 6, then the next rank after 5.5 is
- | | | | |
|------|------|------|------|
| a. 5 | b. 6 | c. 7 | d. 8 |
|------|------|------|------|
79. In the formula $R = 1 - \frac{6\sum D^2}{N(N^2-1)}$ D stands for
- | | |
|----------------------------|-------------------------------|
| a. Deviation | c. coefficient of correlation |
| b. Difference of two ranks | d. none of these |
80. Arrange the following steps in sequence for finding the correlation between variable.
1. Determine the two variables X and Y.
 2. Variables X and Y are plotted on X axis and Y axis in the XY plane
 3. Then correlation is determined by seeing the scatter diagram
- Codes
- | | | | |
|----------|----------|----------|----------|
| a. 1 2 3 | b. 2 3 1 | c. 1 3 2 | d. 3 2 1 |
|----------|----------|----------|----------|
81. Karl Pearson coefficient of correlation between two variables x and y equal to
- | |
|---|
| a. Covariance between two variables |
| b. Product of their standard deviation |
| c. Square root of the product of two regression coefficient |
| d. None of the above |

82. From the following data, calculate coefficient of correlation.

X	1	2	3	4	5
Y	10	20	30	40	50

- a. 0.9 b. 0.8 c. 0.6 d. 10.1

83. Calculate rank correlation coefficient from the following data.

X	59	69	39	49	29
Y	79	69	39	49	39

- a. 0.2 b. 0.8 c. 0.7 d. 0.9

84. If the coefficient of correlation between x and y is 0.28 covariance between x and y is 7.6 and the variance of x is 9, then the standard deviation of y series is

- a. 9.0 b. 9.1 c. 9.05 d. 10

85. What types of correlation exists in the following two variates?

X	1	2	3	4	5	6
Y	10	12	14	16	18	20

- a. -1 b. 0 c. +1 d. ± 1

86. Correlation coefficient is taken to be significant, if

- a. $R > 5 \text{ P.E}$ b. $r > 6 \text{ P.E}$ c. $r < 6 \text{ P.E}$ d. $r = 6 \text{ P.E}$

87. -----

88. The limits of the population correlation is

- a. $R \pm \text{P.E}$ b. $r \pm 3 \text{ S.E}$ c. $r \pm 3 \text{ P.E}$ d. none of these

89. If sum of the product of deviations of x and y series from their means is zero the coefficient of correlation shall be

- a. +1 b. 0 c. -1 d. none of these

90. High degree of correlation is assumed, when

- a. $R = 0.52$ b. $r = 0.45$ c. $r = 0.9$ d. $r = 0.65$

91. In regression analysis, it is assumed that there is an actual relationship between the _____ and independent variable

- a. Dependent b. another variable c. given variable d. none of these

92. Least square method of fitting a line (the line of best fit or the regression line) through the scatter diagram is a method, which _____ the sum of the squared vertical deviations from the fitted line

- a. Maximizes above b. minimizes c. neither a nor b d. all of the

93. -

94. The larger the standard error of estimate the _____ happens to be the dispersion of given observations around the regression line.

- a. Lower b. greater c. both a and b d. none of the above

95. If x and y are independent variables, then the two lines of regression are

- a. $X = 0, y = 0$ c. $x=0, y = \text{constant}$
b. $X = \text{constant}, y = \text{constant}$ d. none of these

96. If the regression coefficient of Y on X is $4/3$, then the regression coefficient of X is

- a. More than 1 c. less than 0
b. Less than 1 d. none of these

97. When there is either perfect positive correlation and either perfect negative correlation between the two variables the two regression lines will _____

- a. Overlap c. both a and b
b. Coincide d. none of these

98. Which of the following measures are unit free?

1. Correlation coefficient 3. Coefficient of variation
2. Covariance 4. Index numbers

Codes

1. 1 2 3 b. 1 3 4 c. 1 4 d. none of the above

99. Assertion Median is simply the middle value when the data have been arranged in ascending or descending order.

Reason Median refers to middle value in the distribution.

Codes

- a. Both A and R are true
b. A is true but R is false
c. A is false but R is true
d. Both A and R are false

100. Assertion Median of a distribution is that value of the variant which divides it in two equal parts.

Reason Median is a positional average

- a. Both A and R are true
b. Both A and R are true but R is not the correct explanation of A
c. Both A and R are false

- d. A is true but R is false

ANSWER KEYS

1=C	2=A	3=A	4=D	5=B	6=A	7=A	8=D	9=C	10=D
11=B	12=A	13=C	14=A	15=C	16=B	17=A	18=A	19=A	20=C
21=B	22=A	23=A	24=D	25=A	26=D	27=B	28=A	29=B	30=B
31=C	32=A	33=B	34=B	35=C	36=D	37=B	38=A	39=D	40=C
41=C	42=A	43=C	44=B	45=C	46=A	47=B	48=A	49=B	50=D
51=A	52=A	53=A	54=A	55=C	56=B	57=B	58=A	59=C	60=A
61=C	62=B	63=D	64=A	65=C	66=C	67=D	68=A	69=A	70=C
71=C	72=B	73=C	74=C	75=B	76=D	77=A	78=C	79=B	80=A
81=D	82=A	83=B	84=C	85=C	86=B	87=B	88=A	89=B	90=C
91=A	92=B	93=B	94=B	95=B	96=B	97=B	98=B	99=A	100=A

PREVIOUS YEAR QUESTIONS (2004-2019)

- If a perpendicular on X-axis from the point of intersection of both less than and more than frequency curves is drawn, it gives the value of
 - Arithmetic mean
 - Third quartile
 - mode
 - median
- The probable error of the coefficient of correlation is calculated by which one of the following formula?
 - $0.6745 \frac{\sqrt{1-r^2}}{n}$
 - $0.6745 \frac{1-r^2}{\sqrt{n}}$
 - $0.6745 \left(1 + \frac{r^2}{\sqrt{n}} \right)$
 - $0.6745 \frac{1+r^2}{n}$
- There is a very high inverse relationship between measures of overweight and life expectancy. Which one of the following value of the coefficient of correlation is consistent with the statement?
 - 0.80
 - 0.20
 - 0.20
 - 0.80
- Which of the following statements are true? Select the correct code
 - The coefficient of rank correlation has the same limits as the Karl Pearson coefficient of correlation.
 - The coefficient of correlation is independent of the change of origin but not of scale.
 - The covariance between X and Y is defined as $\sum xy/n$ where $x = (x - \bar{x})$ and $y = (y - \bar{y})$ and n = no. of period observations.
 - b_{xy} is called regression coefficient of X variable on Y variable
 - If b_{xy} is 0.4 and b_{yx} is 1.6, coefficient of determination would be 0.8.

Select the correct answer

- 1 2 3
- 1 3 4
- 3 4 5
- 2 3 5

- Which one of the following is a false statement?
 - The signs of the regression coefficients are always the same
 - Correlation coefficient is the geometric mean of the two regression coefficients
 - The covariance between two variables divided by the product of their standard produces the value of coefficient of correlation
 - Coefficient of correlation is independent of origin but not of scale

6. If the two regression coefficients are 0.8 and 0.2, then the value of coefficient of correlation is
 a. - 0.16 b. + 0.50 c. + 0.40 d. - 0.40

7. If unexplained variation between variables X and Y is 36%, what is the coefficient of correlation between the variables?

a. 0.36 b. 0.64 c. 0.60 d. 0.80

8. Which one of the following is a false description?

a. In a moderately asymmetrical distribution, the empirical relationship between mean, mode and median suggested by Karl Pearson is

Mean - mode = 3 (mean - median)

b. Coefficient of variation is an absolute measure of dispersion

c. Measure of skewness indicates the direction and extent of skewness in the distribution of numerical values in the data set.

d. Kurtosis refers to the degree of flatness or peakedness in the region around the mode of a frequency curve.

9. ----

10. ----

11. Select the methods of finding out correlation from the following?

1. Karl Pearson's method

2. Yules method

3. Spearman's rank method

4. Coefficient of contingency

5. Concurrent deviation method

Code

a. 1 2 3

b. 1 2 3 4

c. 1 2 5

d. 3 4 5

12. A set of data can be distinguished from other set of data by means of

a. Central value and dispersion

b. Central value, dispersion and skewness

c. Central value, dispersion, skewness and kurtosis

d. None of the above

13. The following are the estimated regression equations for x and y variables

$X = 0.85y$

$y = 0.89x$

With this information, the value of the coefficient of correlation would be

a. 0.87

b. 0.86

c. 0.89

d. 0.75

14. Which one of the following formulas is used to calculate probable error of correlation coefficient between two variables of n pairs of observations?

a. $0.6745 \frac{1-r^2}{\sqrt{n}}$

b. $0.5758 \frac{1-r^2}{\sqrt{n}}$

c. $0.675 \frac{1-r^2}{\sqrt{n}}$

d. $0.5758 \frac{1-r^2}{n}$

15. Which one of the following is false?

- a. Both correlation and regression coefficients have same sign
- b. Arithmetic mean of the regression coefficients is always more than the correlation coefficient
- c. Regression coefficients are independent of both the origin and scale
- d. Correlation coefficient is the square root of two regression coefficients

16. If the dependent variable increases as the independent variable increases in an estimation equation, the coefficient of correlation will be in the range

- a. 0 to -1
- b. 0 to -0
- c. 0 to - 0.05
- d. 0 to 1

17. Assertion When there is an evidence of a linear relationship between two variables, it may not always mean and independent-dependent relationship between the two variables.

Reason The causal relationship between the two variables may not imply a reasonable theoretical relationship between the two.

- a. Both A and R are true and R is the correct explanation of A
- b. Both A and R are true, but R is not the correct explanation of A
- c. A is true but R is false
- d. A is false but R is true

18. A distribution, where the value of arithmetic mean is maximum as compared to median and mode is

- a. Normal distribution
- b. Positively skewed distribution
- c. Negatively skewed distribution
- d. None of the above

19. The most appropriate average to be used to compute the average rate growth in population is

- a. Arithmetic mean
- b. Median
- c. geometric mean
- d. harmonic mean

20. Assertion if regression coefficient of X on Y is greater than one, regression coefficient of Y on X must be less than one

Reason The geometric mean between two regression coefficients is the coefficient of correlation.

- a. Both A and R are true
- b. A is true but R is false
- c. A is false but R is true
- d. Both A and R are false

21. The regression equation of profits X on sales Y of a firm is given as $3Y - 5X + 10 = 0$. If the sales of the firm is Rs 44000, the profit will be

- a. 23370
- b. 26422
- c. 24422
- d. 21370

22. Cricketer A scores on an average 40 runs with a standard deviation of 5. Scores of players B and C on an average are 75 and 90 with standard deviations 1- and 18 respectively. Arrange the players in the descending order of consistency.

- a. A B C
- b. C B A
- c. B A C
- d. C A B

23. Which one of the following is not a measures of dispersion?

- a. Quartile
- b. range
- c. mean deviation
- d. standard deviation

24. If $b_{xy} = 0.25$ and $b_{yx} = 0.64$ correlation coefficient is
 a. 0.16 b. 0.40 c. 0.89 d. 0.30
25. If the value of coefficient of determination is 0.64, what is the value of coefficient of correlation?
 a. 0.40 b. 0.80 c. 0.08 d. 0.04
26. Karl Pearsons coefficient of correlation between two variables is
 a. The product of their standard deviations
 b. The square root of the product of their regression coefficients
 c. The covariance between the variables
 d. None of the above
27. If the two regression coefficients are 0.8 and 0.2 then the value of coefficient of correlation is
 a. +0.16 b. - 0.40 c. - 0.16 d. +0.40
28. Which one of the following is a relative measures of dispersion?
 a. Standard deviation c. coefficient of variation
 b. Variance d. none of the above

ANSWER KEYS

1=D	2=B	3=A	4=B	5=D	6=C	7=D	8=B	9=C	10-A
11-C	12-C	13-A	14-A	15-B	16-D	17-A	18-B	19-C	20-A
21-B	22-A	23-A	24-B	25-B	26-B	27-D	28-C		

PRACTICE SET'

1. Assertion The simple arithmetic mean will be equal to the weighted arithmetic mean, when all items are assigned equal weights.
 Reason The simple arithmetic mean will be less than the weighted mean when items of small values are given less weights and items of big values are given more weights.
- a. Both A and R are true
 b. Both A and R are true but R is not the correct explanation of A
 c. Both A and R is false
 d. A is true but R is false
2. Assertion Range is not useful to manager for comparison, if the observations are in different units.
 Reason For the purpose of comparison a relative measure of range is required which is called coefficient of range.
- a. Both A and R are true b. A is true but R is false
 c. Is false but R is true d. Both A and R are false
3. Assertion A standard deviation is independent of change of origin
 Reason The value of standard deviation remains the same, if in a series each the observation is increased or decreased by a constant quantity

- a. Both A and R are true
- b. Both A and R are true but R is not the correct explanation of A
- c. Both A and R are false
- d. A is true but R is false

4. Assertion In mean deviation, everything is considered positive.

Reason Sum of the deviations of the value of items in a series from arithmetic mean is zero and from other averages it is nearly zero.

- a. Both A and R are true
- b. Both A and R are true but R is not the correct explanation of A
- c. Both A and R are false
- d. A is true but R is false.

5. Assertion The value of coefficient of correlation shall always lie between $-1 < r < +1$.

Reason When the value of $r = +1$ the correlation between the variables is perfect and positive and when $r = -1$, correlation is said to be perfect and negative

- a. Both A and R are true
- b. A is true but R is false
- c. R is true but A is false
- d. Both A and R are false

6. Assertion A The two lines of regression can never be parallel.

Reason The two lines of regression always pass through common point (\bar{x}, \bar{y}) . therefore they can never be parallel.

- a. Both A and R are true and R is the correct explanation of A
- b. A is true but R is false
- c. R is true but A is false
- d. Both A and R are false

7. Assertion In regression analysis the values of the dependent variable are random but values of the independent variable are fixed quantities without error and are chosen by the analyst.

Reason Regression analysis provides value of the regressed variables dependent from the value of the regression variables independent variables.

- a. Both A and R are true and R is the correct explanation of A
- b. Both A and R are true but R is not the correct explanation of A
- c. Both A and R are false
- d. A is false but R is true

8. Match the following

List-I	List-II
a. Range	1. Not based on all observation in data
b. Mode	2. Middle value of a series arranged in any order of magnitude
c. Mean	3. It can be used even when classes are open ended
d. Median	4. Is the most simple and frequently used average

Codes

- A B C D

- a. 1 3 4 2
- b. 1 2 3 4
- c. 2 1 4 3
- d. 3 2 1 4

9. The mean and standard deviation of observations are 35 and 2 respectively

List I	List II
a. Changed mean of each observation is increased by 4	1. 39
b. Standard deviation if each observation is increased by 4	2. 2
c. Changed mean if each observation is multiplied by 5	3. 175
d. Changed standard deviation if each observation is multiplied by 5	4. 10

Codes

- A B C D
- a. 1 2 3 4
- b. 2 1 3 4
- c. 3 2 4 1
- d. 4 3 2 1

10. From the given table match the following

Class interval	350-369	370-389	390-409	410-429	430-449	450-469
Frequency	15	27	31	19	13	6

List-I	List-II
a. Mid value of class interval 370 – 389	1. 379.5
b. $\sum f$	2. 111
c. $\sum fx$	3. 44464.5
d. Arithmetic mean	4. 400.58

Codes

- A B C D
- a. 2 1 3 4
- b. 1 2 3 4
- c. 3 4 2 1
- d. 4 3 2 1

11. Match the following from the given observations 15, 20, 25

List-I	List-II
a. Arithmetic mean	1. 30
b. Sum of deviations from their arithmetic mean	2. 20
c. Range	3. 10

Codes

	A	B	C
a.	1	2	3
b.	2	1	3
c.	1	3	2
d.	3	2	1

12. Match the following

16, 17, 22, 16, 14

List-I	List-II
a. Arithmetic mean	1. 16
b. Median	2. 16.63
c. Mode	3. 17
d. Harmonic mean	4. 16

Codes

	A	B	C	D
a.	1	2	3	4
b.	3	4	1	2
c.	4	2	3	1
d.	4	3	2	1

13. Match the following

List-I	List-II
a. Quartile deviation	1. Obtained by calculating the absolute deviation of each observation from mean.
b. Standard deviation	2. Is one half of the inter quartile range
c. Mean deviation	3. Is the square root of the average of the squared distances of the observation from the mean

Codes

	A	B	C
a.	2	3	1

- b. 1 2 3
- c. 2 1 3
- d. 3 2 1

14. Match the following

List-I	List-II
a. Perfect positive	1 .0
b. Perfect negative	2. +1
c. No correlation	3. - 1

Codes

- A B C
- a. 1 2 3
- b. 2 1 3
- c. 3 1 2
- d. 2 3 1

15. Match the following

List-I	List-II
a. Positive correlation	1. When two or more variables are involved and they are to be studied in relation to their relationship with one another.
B. Multiple correlation	2. When ratio of change between two variables is uniform
c. Linear correlation	3. When relationship of two variables is studied by eliminating the effect of other variables from both
d. Partial correlation	4. When movement of variables take place in same direction

Codes

- A B C D
- a. 4 1 2 3
- b. 1 2 3 4
- c. 3 2 4 1
- d. 2 3 1 4

16. Match the following

List-I	List-II
a. Simple regression	1. Process of predicting one variable from another

b. Multiple regression	2. Single variable is used to predict another variable on the assumption of linear relationship between the given variables
c. Simple linear regression analysis	3. Involves two or more independent variables and one dependent variable

Codes

	A	B	C
a.	1	2	3
b.	1	3	2
c.	3	1	2
d.	3	2	1

ANSWER KEYS

1=A	2=A	3=A	4=A	5=A	6=A	7=B	8=A	9=A	10=B
11=B	12=B	13=D	14=D	15=A	16=B				

PRACTICE SET'

1. Schedules help us in collecting

- a. Secondary data
- b. Qualitative data
- c. primary data
- d. none of these

2. The process of arranging records with a file is called

- a. Ordering
- b. Arranging
- c. sequencing
- d. sorting

3. Multistage stratified random sampling is

- a. Probability sampling
- b. Selective sampling
- c. non-probability sampling
- d. none of these

4. Which of the following are considered output units in a computer

- a. Floppy disk, data, etc
- b. Printers
- c. Video display unit
- d. Micro firm

5. Standard error of mean defined as

- a. Standard deviation of the sampling distribution of mean
- b. Average of sampling distribution of mean
- c. Inter-quartile range of sampling distribution of means
- d. Correlation coefficient between the sampling distribution of mean

6. Which one of the following is not involved in the characteristics of business

- a. Business ethics is a dynamic philosophy
- b. Business ethics is based on moral value
- c. Business ethics influenced by social cultural values

- d. Business ethics is not inspired by social welfare
7. If the probability of inclusion of every unit of the population in the sample is equal, it is called
- simple random sampling
 - stratified random sampling
 - systematic random sampling
 - none of these
8. For 3×2 contingency table, the degree of freedom for testing the hypothesis is
- 6
 - 2
 - 3
 - 4
9. The central processing unit of a computer consists of
- input, output and processing
 - control unit, primary storage and secondary storage
 - control unit, arithmetic logic unit and primary storage
 - none of the above
10. if the sample size increases the sampling error
- decreases
 - increases
 - remains constant
 - none of the above
11. goodness of fit of a distribution is tested by
- t-test
 - chi-square test
 - f-test
 - none of these
12. probability of rejecting the null hypothesis when it is true is called
- type II error
 - type I error
 - standard error
 - none of these
13. standard error of mean is defined as
- standard deviation of the sampling distribution of mean
 - standard deviation of data
 - inter quartile range of the data
 - none of these
14. which test we normally apply for qualitative data?
- t-test
 - f test
 - X^2 chi- square test
 - v test
15. chi-square test is a
- parametric test
 - non-parametric test
 - small sample test
 - none of the above
16. β -error in hypothesis testing refers to
- type I error
 - type II error
 - both type I and II error
 - none of these

17. convenience sampling is a

- a. probability sampling
- b. non-probability sampling
- c. random sampling
- d. none of the above

18. we can measure the cause and effect relationship by the help of

- a. time series analysis
- b. cross sectional analysis
- c. correlation analysis
- d. regression analysis

19. average revenue curve will not touch O-X axis because it cannot be

- a. positive
- b. zero
- c. negative
- d. none of the above

20. parameter refer to the feature of the

- a. population
- b. sample
- c. mean
- d. none of the above

21. the median of 10, 12, 14, 16, 18 will be

- a. 12
- b. 16
- c. 15
- d. 14

22. probability sampling and random sampling are

- a. anonymous
- b. different term
- c. synonymous
- d. none of the above

23. which of the following is not a restricted random sampling technique?

- a. stratified sampling
- b. systemic sampling
- c. simple random sampling
- d. multistage sampling

24. classification or respondents only on the basis of gender is an application of

- a. ordinal scale
- b. nominal scale
- c. interval scale
- d. ratio scale

25. Karl Pearson's coefficient of correlation between two variable is

- a. the product of their standard deviations
- b. the square root of the product of their regression co-efficient
- c. the co-variance between the variable
- d. none of the above

26. statistical software packages for research in social science include

- a. SPSS
- b. STATA
- c. Mini Tab
- d. all of the above

27. F-test is used to test the significance of the difference between or among

- a. two sample mean
- b. more than two sample mean
- c. variable of two sample
- d. b and c

28. for testing of hypothesis $H_0: M_1 = M_2$ and $H_1: M_1 < M_2$ the critical value of z at 5% level of significance when size of sample is more than 30 is

- a. 1.96 b. 2.32 c. 1.645 d. 2.5758

29. which of the following the non-random method of selecting samples from a population

- a. stratified sampling b. quota sample
c. systematic sampling d. cluster sampling

30. if the two regression coefficient are 0.8 and 0.2 then the value of coefficient of correlation is

- a. +0.16 b. - 0.40 c. - 0.16 d. + 0.40

31. which one of the following is a relative measure of dispersion

- a. standard deviation b. variance
c. co-efficient of variation d. none of the above

32. which of the following is the feature of a data

- a. aggregate of fact b. numerical expressed
c. affected by various cause d. all of the above

33. which of the following is not a feature of data?

- a. statistics are collected by enumeration or estimation
b. statistics are placed in relation to each other
c. human being
d. comparative study

34. which of the following is not the limitation of statistics?

- a. homogenous statistical data
b. analysis of data
c. presentation of means
d. statistics law are true in the long run and on average

35. which of the following is not the part of the subject matter of business statistics.

- a. appointment b. presentation of data
c. analysis of data d. interpretation of data

38. a change in μ , standard deviation remaining the same, the normal curve

- a. shifts the curve along the X axis b. it change the shape
c. it becomes symmetrical d. none of the above

39. if correlation is not perfect, it is known as

- a. perfect correlation b. limited correlation

c. linear correlation

d. non-linear correlation

40. the statistical data is the original form before any statistical technique are used to refine process or summaries

a. finished good

b. primary data

c. raw data

c. data

41. which one of the following is not included under the feature of useful hypothesis

a. sampling

b. empiricism

d. related with existing theories

d. related with available techniques

42. Chi- Square test expresses as

a. χ^2 b. x^2 c. X^2 d. x^3

43. which of the following is the tool of measure of the variation of the items

a. mode

b. mean

c. hypothesis

d. dispersion

44. if sample size are not same but say x^1, x^2, x^3 respectively, then x will be

a. $\frac{x^2 + x^2 + x^2}{8}$ b. $\frac{x^1 + x^2 + x^3}{6}$ c. $\frac{x + x + x}{x^3}$ d. $\frac{x^1 + x^2 + x^3}{3}$

45. positive error may be (if A= real value, E = estimate value)

a. A/E

b. E/A

c. A<E

d. E>A

46. coefficient of correlation will be always

a. more than 0

b. more than - 1

c. less than - 1

d. between - 1 and +1

47. which formula may be used for calculation of coefficient of correlation?

a. $r = \frac{bY + bX}{\sqrt{bX^2}}$ b. $r = \sqrt{bxy} + bxy$ c. $r = bYX \times bXY$ d. $r = \frac{\sqrt{bX} + bY}{Bx^2}$

48. _____ error are made when we accept a null hypothesis which is not true

a. type II

b. type I

c. both a and b

d. none of these

49. rank correlation coefficient is computed by

a. $\frac{1}{\sqrt{N}-1}$ b. $\frac{N}{\sqrt{N}-1}$ c. $\frac{N}{\sqrt{X}-1}$

d. none of these

50. standard error of mean is computed by

a. $\frac{\text{sample}}{\sqrt{N}-1}$ b. $\frac{SD \text{ of sample}}{\sqrt{\text{sample use}}}$ c. $\frac{N}{\sqrt{N}-1}$

d. none of these

51. Ztest is a

a. student t-test

b. Fisher z test

c. Fisher T-test

d. students Z-test

52. χ^2 is a

- a. mean square rot b. correlation test c. fisher t test d. none of these

53. χ^2 is tested by

- a. Bordington b. C H Meyers c. Prof Chi square d. Karl Pearson

54. chi square test is computed by

Answer:

55. Which of the following is the application of χ^2 test?

- a. test of freedom b. test concerning the variance of a normal distribution
c. test of goodness of fit d. all of the above

56. $F = \frac{S_1^2}{S_2^2}$ is a

- a. t-test b. f-test c. z-test d. mean test

57. standard error of the difference between the proportions of two variable can be computed by

- a. $SE (P1 - P2) = \sqrt{Pq[\frac{1}{n1} + \frac{1}{n2}]}$ b. $SE = P - 1 \sqrt{\frac{m.pq}{100}}$
c. $SE = \sqrt{\frac{p}{2} + \frac{q}{2}}$ d. none of these

58. assumption of Karl Pearson's coefficient of correlation includes

- a. normality b. cause and effect relationship
c. linear nature d. all of the above

59. the value of Karl Pearson coefficient of correlation can be

- a. ± 1 b. +2 c. 0 d. ± 0.5

60. under the Karl Pearson rule, coefficient is computed by

- a. $\frac{\sum dx dy}{N}$ b. $\frac{\sum dx dy}{N \delta \delta}$ c. $\frac{\sum dx}{\sum dy} N$ d. $\frac{\sum dy}{N}$

61. degree of correlation includes

- a. perfect correlation b. absence of correlation
c. limited degree of correlation d. all of the above

62. Which of the following can be used to determine correlation?

- a. simple graphical method b. Karl Pearson coefficient
c. least square method d. all of the above

63. Which of the following is feature of Karl Pearson coefficient of correlation.

- a. indication of degree b. indicators of the direction

- c. a satisfactory measure d. all of the above

64. Given

A values	B values
5	3
10	6
15	10
20	15
25	18
30	22

The above series is an example of

- a. linear correlation b. Positive correlation
c. Negative correlation d. Simple correlation

65. Given

X	Y
5	37
7	31
10	20
15	15
20	10
28	5

The above series is an example of

- a. Positive correlation b. Negative correlation
c. Linear correlation d. Non-linear correlation

66. Cluster Sampling is known as

- a. quota sampling b. convenience sampling
c. judgement sampling d. cluster sampling

67. The first electronic computer system was developed in

- a. 1920 b. 1930 c. 1935 d. 1940

68. which of the following is not a measure of dispersion

- a. Skewness b. mean deviation c. standard deviation d. quartile deviation

69. t-test is

- a. parametric test b. non-parametric test
c. large sample test d. none of the above

70. the causal relationship is indicated by

- a. correlation b. regression
c. association d. none of the above

71. systematic sampling belongs to

- a. quota sampling
- b. non-probability sampling
- c. probability sampling
- d. none of the above

72. F-test is a

- a. probability test
- b. variance test
- c. factor analysis
- d. none of the above

73. Regression analysis is a measure of

- a. degree and direction of relationship
- b. degree of association
- c. cause and effect relationship
- d. none of the above

74. which one of the following is not a measure of dispersion

- a. quartile
- b. range
- c. mean deviation
- d. standard deviation

75. if $b_{xy} = 0.25$ $b_{yx} = 0.64$ correlation coefficient is

- a. 0.16
- b. 0.40
- c. 0.89
- d. 0.30

76. Sturge's rule is used to find out directly

- a. number of classes in a continuous distribution
- b. size of class limits
- c. direction of the classification
- d. none of the above

77. which of the following software has applications in both mathematics and statistics

- a. SPSS
- b. SAS
- c. R
- d. none of the above

78. the regression analysis for studying only two variable at a time is called

- a. simple regression
- b. multiple regression
- c. zero regression
- d. none of the above

79. the area under normal distribution covered with in $\mu \pm 3 \delta$ limits is

- a. 0.6827
- b. 0.9545
- c. 0.9973
- d. 1.000

80. Sampling distribution of mean is very close to the standard normal distribution when

- a. Population is normal distribution
- b. Population is not normally distributed but sample size is large
- c. both a and b

d. neither a nor b

81. If the value of co-efficient of determination is 0.64, what is the value of coefficient of correlation

- a. 0.40 b. 0.80 c. 0.08 d. 0.04

82. When a production is heterogeneous, it is divided into groups, so that there is homogeneity within the group and heterogeneity between the groups and some items are selected at random from each group. It is a case of

- a. Cluster Random Sampling b. Systematic Random Sampling
c. Quota sampling d. Stratified Random sampling

83. When one among the following is a small sample

- a. 5 b. 10 c. 29 d. all of the above

84. Which one of the following software's is used for Research Analysis

- a. SAP b. ERP c. SPSS d. TALLY

85. Which one of the following is a data base Management System?

- a. MS Access b. MS excel c. MS office d. None of the above

86. In a predominantly illiterate area consisting of 1000 population data has to be located from 10% of them. The appropriate technique for data collection would be

- a. Questionnaire b. Schedule c. Interview d. All of the above

87. In a unimodal and symmetric distribution the relationship between average is like this

- a. mean > median > mode b. mean < median < mode
c. mean = median = mode d. mean > median < mode

88. Which one of the following is not an accounting software

- a. tally b. miracle c. profit d. SPSS

89. A graph of a cumulative frequency distribution is called

- a. Ogive b. Frequency polygon c. Pic diagram d. Histogram

90. The total area of a normal distribution between average value ± 1.96 of standard deviation is

- a. 95.45 % b. 95% c. 99% d. 68.34%

91. Which of the following tests is used to test the significance of the co-efficient of association?

- a. z-test b. t-test c. χ^2 test d. none of these

92. Which of the following is a relative measure of dispersion?

- a. standard deviation b. variance
c. co-efficient of variance d. none of the above

93. F-test is used to test the significance of the difference between

- a. Co-efficient of correlation between two sample group
- b. Co-efficient of correlation among more than two sample group
- c. average between two sample groups
- d. Average of more than two sample groups
94. Co-variance between two variables is
- a. The average of the product of deviations taken from their averages.
- b. A is further divided by the product of their standard deviation.
- c. A is further divided by the product of their arithmetic average
- d. None of the above
95. Karl Pearson coefficient of correlation between two variables X and Y is equal to
- a. The covariance between two variables
- b. The product of their standard deviation
- c. The square root of product of two regression coefficients
- d. None of the above
96. Parameter refers to the feature of the
- a. population b. sample c. both d. none of these
97. If a sample is taken at random from a population, it is likely to possess almost the same feature as that of the population. Which of the following laws states the above theme?
- a. Law of Inertias of large numbers b. law of statistical regularity
- c. law of persistence of small numbers d. law of optimization
98. Which one of the following factors cause non-sampling errors,
- a. Inappropriate statistical units b. Inadequate sampling frame
- c. Faulty process of selection d. all of the above
99. Karl Pearson coefficient of correlation between X and Y variable measures
- a. Covariance between the two b. Inverse of the products of their standard deviations
- c. product of a and b d. none of the above
100. _____ error are made when the test rejects a hypothesis which is true
- a. Type I b. Type II c. both a and b d. none of these
101. Students t-test was developed by
- a. Karl pearson b. Gossect c. Fisher d. Laplace

102. A hypothesis that asserts that there is no true difference in the sample and the population in the particular matter under study is termed as
- Null hypothesis
 - True hypothesis
 - Alternative Hypothesis
 - Rejected hypothesis
103. The mostly widely used method of measuring seasonal variations is
- Ratio to moving average method
 - Ratio to trend method
 - Line relative method
 - none of the above
104. correlation implies that
- the effect of correlation is to reduce the range of uncertainty of our production
 - between two series or groups of data exists some causational connections
 - the whole subject of correlation refers to inter relation between separate feature by which they tend, in some degree at least to move together.
 - all of the above
105. if $p=q=1/2$. The frequency distribution will be
- perfectly symmetrical
 - non-perfectly symmetrical
 - zero
 - $\pm q$
106. distribution which are not obtained by actual observation but are deducted mathematically under certain definite hypothesis or assumptions are called
- correlation analysis
 - theoretical frequency distribution
 - regression analysis
 - mean and average
107. data collected from published books are called
- primary data
 - secondary data
 - tertiary data
 - none of the above
108. statistics does not deal with
- aggregates
 - individuals
 - groups
 - mass quantity
109. Total error in a research is equal to
- sampling error + non-sampling error
 - $\sqrt{\text{sampling error}} + (\text{non-sampling error})^2$
 - sampling error $\times 100$
 - only sampling error
110. Hypothesis cannot be stated by
- declarative terms
 - null and question from terms
 - general terms
 - directional terms
111. the co-efficient value is always a

- a. ratio
b. percentage
c. average
d. none of the above

112. A good hypothesis should be

- a. formulated in such a way that it can be tested by the data.
b. precise, specific and consistent with most known facts
c. of limited scope and should not have global significance
d. all of these

113. sampling design involves the following

- i. sampling unit ii. Size of sample iii. Type of universe
iv. source list v. sampling procedure

which one of the following sequence is correct?

- a. I, ii, iii, iv, v b. iii, iv, I, ii, v c. iii, I, iv, ii, v d. iii, v, I, iv, ii

114. given the following tests:

- i. z-test b. t-test c. f-test d. z test

the concept of degree of freedom is associated with

- a. I and ii b. ii and iii c. iii and iv d. ii, iii, iv

115. which of the following has RDBMS

- i. access ii. Excel
codes
a. I and ii b. I c. ii d. none of the above

116. the hypothesis testing consists of following steps

- i. establish a level of significance, price to sampling
ii. defining the rejection or critical regions
iii. state the hypothesis
iv. determination of a suitable test statistic

Which of the sequence is correct:

- a. ii, iii, iv, I b. iii, I, iv, ii c. iii, ii, iv, I d. iv, iii, ii, i

117. Analysis of variance technique is normally used when

- i. number of sample are more than two
ii. all the sample follow independence normal distribution with equal variance

codes

- a. I b. ii c. I, ii d. neither I nor ii

118. statements:

- i. non-sampling errors can occur in any survey, whether it be a complete enumeration or sampling.
ii. sampling errors are present both in a census as well as sample survey.

Codes:

- a. both are correct b. both wrong
c. I correct, ii wrong d. I wrong, ii correct

119. Match list-I with list-II and select the correct answer using the codes given below the lists:

List-I	List-II
a. smoothed frequency curve	I. to determine and portray the number of proportions of case
b. histogram	II. it is one dimensional
c. Bar diagram	III. it is two dimensional
d. Ogives	IV. can be drawn through various point of polygon

Codes

- | | | | | |
|----|-----|-----|-----|----|
| | A | B | C | D |
| a. | I | II | III | IV |
| b. | II | III | IV | I |
| c. | III | IV | II | I |
| d. | IV | III | II | I |

120. Match list-I with List-II and select the correct answer using the codes given below

List-I	List-II
a. Chi-square test	I. secondary data
b. annual reports	II. information system
c. multi-variate	III. hypothesis testing
d. data processing	IV factor analysis

Codes:

- | | | | | |
|----|-----|----|-----|-----|
| | A | B | C | D |
| a. | IV | II | I | III |
| b. | III | I | IV | II |
| c. | III | IV | I | II |
| d. | IV | I | III | II |

ANSWER KEYS

1=C	2=C	3=A	4=B	5=A	6=D	7=C	8=A	9=C	10=A
11=B	12=B	13=A	14=C	15=B	16=B	17=B	18=D	19=B	20=A
21=D	22=C	23=B	24=B	25=B	26=D	27=D	28=C	29=B	30=D
31=C	32=D	33=C	34=B	35=A	36=	37	38=A	39=B	40=B
41=A	42=A	43=D	44=D	45=D	46=D	47=B	48=C	49=A	50=B
51=B	52=C	53=D	54=C	55=D	56=B	57=A	58=D	59=A	60=B
61=D	62=D	63=D	64=B	65=B	66=B	67=D	68=A	69=A	70=B
71=C	72=B	73=A	74=A	75=A	76=A	77=D	78=A	79=C	80=C
81=B	82=D	83=D	84=C	85=A	86=C	87=C	88=B	89=A	90=B
91=C	92=C	93=D	94=A	95=A	96=B	97=D	98=C	99=B	100=A
101=B	102=A	103=A	104=D	105=A	106=B	107=B	108=B	109=B	110=C
111=A	112=D	113=C	114=D	115=A	116=B	117=C	118=C	119=D	120=B

PREVIOUS YEAR' QUESTIONS**DECEMBER-2018**

1. Which of the following statements relating to the sampling theory are correct?

1. The values of the statistical measures based on the sampled units are called values of statistics.
2. In the simple random sampling technique, the element of the population and the unit of the sample are different.
3. Snow-ball sampling technique is a probability based sampling technique.
4. The law of statistical regularity and the law of inertia of large numbers are the main bases of the sample to become representative of the population.

Choose the correct answer from the codes given below.

Codes:

- a. 2 3 b. 1 4 c. 1 2 3 d. 2 3 4

JULY-2018

2. Assignment of numerals to the objects to represent their attributes is known as

- a. nominal data b. ordinal data
c. interval data d. ratio data

3. A graph of a cumulative frequency distribution is called

a. frequency polygon

b. frequency curve

c. ogive

d. pie diagram

4. in the case of classification of data, the class having its upper limit is treated as the lower limit of its next class is called

a. open ended class

b. close ended class

c. exclusive class

d. inclusive class

NOVEMBER- 2017

5. The formula to determine the number of classes given by Sturge's rule is which one of the following?

a. $K = 1 + 3.322(\log N)$ b. $K = (\log N)1.322$ c. $K = \frac{1+3.322}{\log N}$ d. $K = \frac{3.322}{(\log N)+1}$

6. Assertion A reasonably sized sample drawn randomly from large sized population contains almost all the features which exist in the population.

Reason The theory of sampling is based on the two important laws of statistics, viz law of statistical regularity and law of inertia of large numbers.

Codes

a. Both A and R are correct and R is the correct explanation of A

b. Both A and R are correct but R is not the correct explanation of A.

c. A is not correct while R is correct

d. Both A and R are not correct.

7. Statement I The absolute value of the difference between an unbiased estimate and the corresponding population parameter is called sampling error.

Statement II. Multi stage sampling is a restricted non-probability sampling technique.

Codes:

a. both statements are correct

b. both statements are incorrect

c. statement I is correct while statement II is incorrect.

d. Statement I is incorrect while statement II is correct

8. Process of arranging data into a new order is called

a. manipulation of data

b. standardization of data

c. sequencing of data

d. standardized input

DECEMBER 2015

9. Assertion A reasonably large sized sample drawn randomly from a given population contains almost all the features of the population.

Reason As per the sampling theory, the assertion is based only on the law of inertia of large numbers

Codes

- a. A is true and R as per the sampling theory is also fully true
- b. A is true but the R as per the sampling theory is not fully true
- c. both A and R are false
- d. A is false but the R is sufficient as per the sampling theory.

JUNE 2015

10. if the population is heterogeneous which one of the following probability sampling methods is more appropriate?

- a. sequential sampling
- b. quota sampling
- c. double sampling
- d. stratified sampling

11. The process of thoroughly checking the collected data to ensure optimal quality level is referred to as

- a. validation
- b. editing
- c. classification
- d. entry

DECEMBER 2014

12. to show the trend for a variable, which one of the presentation method is used?

- a. Histogram
- b. frequency polygen
- c. line graph
- d. scatter graph

13. which one of the following objectives is not the objective of secondary data collection?

- a. identify the problem
- b. test the hypothesis of the relevant present problem
- c. better define the problem
- c. interpret primary data more insightfully

DECEMBER 2013

14. The law of statistics, which says Moderately large number of items chosen at random from a large group possess the feature of the large group, is referred as

- a. the central limit theorem
- b. the law of statistical regularity
- c. the law of inertia of large numbers
- d. none of the above

JUNE 2013

15. the difference between sample statistic and its corresponding population parameter is

- a. sampling error
- b. measurement error

- c. coverage error d. non-response error

DECEMBER 2012

16. sample design involves the following

1. sampling unit 2. Size of sample
3. type of universe 4. Source list 5. Sampling procedure

Which one of the following sequence is correct?

- a. 1 2 3 4 5 b. 3 4 1 2 5 c. 3 1 4 2 5 d. 3 5 1 4 2

17. Sturge's rule is used to find out directly

- a. number of classes in a continuous distribution
b. size of class limits
c. direction of the classification
d. none of the above

18. sampling distribution of mean is very close to the standard normal distribution when

- a. population is normally distributed
b. population is not normally distributed but sample size is large
c. both a and b
d. neither a nor b

JUNE 2012

19. Which of the following is not a restricted random sampling technique?

- a. stratified sampling b. simple random sampling
c. systematic sampling d. multi stage sampling

20. classification of respondents only on the basis of gender is an application of

- a. ordinal scale b. nominal scale
c. interval scale d. ratio scale

21. Which of the following is the non-random method of selecting sampling from a population?

- a. stratified sampling b. quota sampling
c. systematic sampling d. cluster sampling

ANSWER KEYS

1=B	2=B	3=C	4=C	5=A	6=B	7=A	8=C	9=A	10=D
11=B	12=C	13=D	14=C	15=A	16=C	17=A	18=A	19=B	20=A
21=A									

PRACTICE SETS

DIRECTIONS (Q. No 1-21) In the questions given below are two statements labelled as Assertion A and Reason. In the context of the two statements which one of the following is correct?

- a. both A and R are true
- b. A is true but R is false
- c. R is true but A is false
- d. both A and R are false

1. Assertion The parameters of the normal distribution are the mean and variance of the distribution.

Reason The mean defines where the peak of the curve and the variance defines the spread of the curve.

2. Assertion Normal distribution is a symmetric distribution.

Reason The maximum ordinate divided the graph of normal curve into two equal parts.

3. Assertion In a two tailed test there are two rejection region.

Reason A two tailed test rejects the null hypothesis if the sample mean is either more or less than the hypothesized value of the mean of the population.

4. Assertion The procedure on which the basis of sample results enables to decide whether a hypothesis is to be accepted or rejected is called hypothesis testing.

Reason Hypothesis testing cannot prove the hypothesis to be correct.

5. Assertion Sampling theory for large samples is not applicable in small sample.

Reason When samples are small we cannot assume that the random sampling distribution is approximately normal or that the sample values are approximately equal to those of parent universe.

6. Assertion The critical region is a set of values for testing statistic, for which the null hypothesis is rejected in a hypothesis test.

Reason Critical region corresponds to the range of values of the statistic, which according to the test requires the hypothesis to be rejected.

7. Assertion Type I error are generally considered to be more serious than type II error.

Reason Type I error implies rejection of null hypothesis, when it is true

This implies rejection of null hypothesis, which should have been accepted.

8. Assertion ANOVA is an analysis tool used in statistics that splits the aggregate variability found inside a data set.

Reason The systematic factor have a statistical influence on the given data set, but the random factors do not.

9. Assertion Kruskal Wallis H-test is an omnibus test statistics and cannot tell you specific group of independent variable is present.

Reason As sample size increases Kruskal Wallis test tends to Z-distribution.

10. Assertion There is independence in the observation, that is no relationship between observation under each group of data under Z-test.

Reason Kruskal wallis H test is normally distributed with dependent variable.

11. Assertion Under Poisson distribution, number of trials are infinitely small.

Reason Success under each trial is also infinitely large under Poisson distribution.

12. Assertion Under Poisson distribution, number of trials are infinitely small.

Reason Success under each trial is also infinitely large under Poisson distribution.

13. Assertion Correlation research design is used to examine a relationship between two variables.

Reason The interrelation is based on cause and effect relationship.

14. Assertion Cultural research provides methodology that allows a consistent analysis of cultural texts.

Reason Cultural research takes place in the undistributed natural setting of the subjects environment

15.. Assertion Historical design aims at a systematic and objective evaluation and synthesis of evidence.

Reason Historical design need not to be authenticated as the data obtained is truly original.

16. Assertion Normal distribution curve is a bell shaped curve where mean, median and mode are equal to each other.

Reason As the sample size increases, all small-samples tests tends to merge with normal distribution.

Codes

a. A is true R is false b. A is false R is true

c. Both are true d. both are false

17. Assertion Parametric test are applied initially.

Reason Non-parametric test are much less cumbersome to use easy to compute.

Codes

a. both A and R are correct

b. both A and R are true but R is the correct explanation of A

c. A is true but R is false

d. A is false but R is true.

18. Match the following

List-I	List-II
a. contingency table	1. A statistical test in which the null hypothesis is true and the test statistics has F distribution
b. non-parametric statistics	2. do not depend on the shape of the distribution of the population
c. parametric statistics	3. number and nature of parameters are fixed in advance.
d. F-test	4. used to record and analyses the relationship between two variables or more variables basically categorical variables.

Codes

	A	B	C	D
a.	1	2	3	4
b.	4	2	3	1
c.	2	3	4	1
d.	3	1	2	4

19. Match the following

List-I	List-II
a. unimodal	1. the distribution that can take a limited number of values which can be listed
b. discrete probability distribution	2. the curve has a single peak
c. continuous probability distribution	Where variable allowed to take any value within given range

Codes

	A	B	C
a.	2	1	3
b.	1	2	3
c.	3	2	1
d.	2	3	1

20. Match the following:

List-I	List-II
a. β_1	1. $\beta_2 - 3$
b. β_2	2. $\mu^2_3 \mu^3_2$
c. λ_1	3. $\mu_4 / \mu_{2/2}$
d. λ_2	4. $\sqrt{\beta_1}$

Codes

	A	B	C	D
a.	2	3	4	1
b.	3	2	1	4

- | | | | | |
|----|---|---|---|---|
| c. | 1 | 2 | 3 | 4 |
| d. | 2 | 3 | 4 | 1 |

21. Match the following

List-I	List-II
a. research type	1. problem solving
b. research design	2. feminist
c. research method	3. survey

Codes

	A	B	C
a.	1	2	3
b.	3	2	1
c.	1	3	2
d.	2	1	3

ANSWER KEYS

1=A	2=A	3=B	4=A	5=A	6=A	7=A	8=A	9=B	10=D
11=A	12=C	13=A	14=B	15=B	16=A	17=A	18=B	19=A	20=D
21=C									

Practice sets

1. Choose the correct code for the following statements being correct or incorrect.

Statement I If the value of β_2 i.e μ_4/δ_4 , of a distribution gives the value more than 3, its curve is platykurtic.

Statement II In a moderately asymmetrical distribution, the standard deviation is 1.25 times of mean deviation.

Codes

- a. both the statements are correct
b. both the statements are incorrect
c. statement I is correct but statement II is incorrect
c. statement II is correct but statement I is incorrect

2. Which one of the following is not the correct property of normal distribution?

- a. continuous distribution
- b. equality of central values (mean, mode and median)
- c. standard deviation is the sole parameter of the distribution
- d. the model distribution

3. for a standard normal probability distribution, the mean and the standard deviation are

- $\mu = 0, \delta = 1$
- $\mu = 16, \delta = 4$
- $\mu = 25, \delta = 5$
- $\mu = 100, \delta = 10$

4. match the items of list-II with the items of list I and select the code of correct matching.

List-I	List-II
a. standard error of mean	1. $H_a : \mu_1$ is not equal μ_2
b. base of point estimate of the mean of the population	2. values based on all the observations of the population.

c. none specific hypothesis	3. mean of the sampling distribution of mean
d. parameter value of descriptive statistics	4. standard deviation of the sampling distribution of mean

Codes

	A	B	C	D
a.	4	3	1	2
b.	1	2	3	4
c.	4	3	2	1
d.	3	4	1	2

5. Match the items of List II with the items of list I and select the code of correct matching.

List-I	List-II
a. Chi square test	1. testing the significance of the differences of the mean values among more than two sample groups
b. ANOVA (F-test)	2. Testing the goodness of fit of a distribution.
c. Z-test	3. testing the significance of the difference of the mean values between two large sized samples.
d. T-test	4. Testing the significance of the difference of the mean values between two small sized samples when population standard deviation is not available

Codes

	A	B	C	D
a.	1	2	3	4
b.	4	3	2	1
c.	1	2	4	3
d.	2	1	3	4

6. which one of the following is not the feature of normal distribution?

- bell shaped and symmetric
- mean, median and mode of the distribution are equal
- the total area under the curve for the normal probability distribution is one
- the two tails of the distribution in both the directions touches the horizontal axis

7. In which one of the following situation is the application of T-test is most appropriate?

- testing the significance of coefficient of correlation between paired observations of small sized sample.
- testing the significance of coefficient of correlation between paired observations of large sized sample
- comparing variances of two small sized samples
- testing the significance of the difference among mean values of more than two samples groups

8. Statement I If the alternative hypothesis is as $H_a: \mu \neq \mu_0$; a researcher requires two tailed test in hypothesis testing.

Statement II The mean of the sampling distribution of mean is not equal to the parametric value of mean.

Codes:

- both the statements are true
- both the statements are false
- statement I is true while statement II is false
- statement I is false while statement II is true

9. the application of χ^2 test as parametric test will be in which of the following situations?

- test of independence of attributes
- test of goodness of fit of a specific type of distribution.
- test for population variance on the basis of small sized sample variance
- test of homogeneity of several populations with respect of some features of interest

10. match the following items of List-I and List II with regard to hypothesis testing

List-I	List-II
a. the ability of test to reject the null hypothesis when it is false	1. level of significance
b. the probability of accepting a false null hypothesis	2. type I error
c. The probability of rejecting a true null hypothesis due to sampling error	3. type II error
d. the probability of rejecting a true null hypothesis	4. power of a test

Codes

	A	B	C	D
a.	4	2	1	3
b.	4	3	1	2
c.	1	2	3	4
d.	2	3	1	4

11. which one of the following statement is false regarding normal distribution

- mean, median and mode always coincide.
- within $\pm 1.96 \delta$ limits from mean value, the area under the distribution is 99% of the total area.
- the area under the normal curve represents probabilities for the normal random variable and the total area for the normal probability distribution is one
- for every pair of values of mean and standard deviation, the curve of the distribution is bell shaped and symmetric

12. a researcher wants to test the significance of the difference between the average performance of the two small sized samples when the information os the population standard deviation is not available, which one of the following hypothesis testing is suitably used?

- z test
- chi-square test
- f-test
- t-test

13. Read the following statement and indicate the correct codes from the alternative given below.

Statement I When the null hypothesis is true but as per the hypothesis testing, it is rejected it is known as beta type error in hypothesis testing.

Statement II Chi square test is exclusively a non-parametric test.

Codes

- both the statements are true
- both the statements are false
- statements I is true while statement II is false
- statement I is false while statement II is true.

14. read the following statements and choose the correct code

Statement I Non parametric tests are based on some assumptions about the parent population from which the sample has been drawn

Statement II The standard deviation of the sampling distribution of mean is called standard error of mean.

Codes

- both the statements are correct
- both the statements are incorrect
- statement I is correct while statement II is incorrect
- statement I is incorrect while statement II is correct

15. Which one of the following is not the feature of normal distribution?

- mean, median and mode for the normal distribution are equal
- the two tails of the normal curve extend to infinity in both directions but never touch the horizontal axis
- for different values of standard deviation, the height of the mean ordinate remain the same
- the number of independent constraints of normal distribution are $N - X$ and δ .

16. Match the items of List I with the items of List II and indicate the code of correct matching.

List-I	List-II
a. contingency coefficient for any size of contingency table	1. $\sqrt{\frac{N-n}{N-1}}$
b. statistical approach to decide size of a sample	2. $\frac{\sigma p}{\sqrt{n}}$
c. finite population multiplier	3. $\sqrt{\frac{x^2}{x^2+n}}$
d. standard error of mean	4. $\frac{z^2 \cdot \sigma^2 p}{e^2}$

Codes

	A	B	C	D
a.	1	2	3	4
b.	3	4	1	2
c.	1	3	2	4
d.	3	2	4	1

17. Identify which of the following steps would be included in hypothesis testing.

- state the null and alternative hypothesis.
 - set the significance level before the research study.
 - eliminate all outliers.
 - obtain the probability value using a computer programme such as SPSS.
 - compare the probability value to the significance level and make the statistical decision.
- Select the correct answer using the codes given below.

Codes

- a. 1 3 4 b. 3 4 5 c. 1 2 4 5 d. 2 3 4 5

18. Statement I When a null hypothesis gets rejected in statistical hypothesis testing, it is known as II type error in hypothesis testing.

Statement II When a sample is small sized and parametric value of the standard deviation is not known, Z-test is the most appropriate test for hypothesis testing.

Codes

- both statements are true
- both statements are false
- statements I is true while statements II is false
- statement I is false while statement II is true

19. the power of the statistical hypothesis testing is denoted by

- α (alpha)
- β (beta)
- $1 - \alpha$
- $1 - \beta$

20. question 20 erased

21. which of the following relating to normal distribution are not correct?

- coefficient of skewness is three
- it is mesokurtic
- mean deviation for it is $\frac{2}{3}\delta$
- $\mu \pm \delta$ covers 95.45% area.
- mean median and mode are equal

6. the standard normal variate z has mean one and SD zero

Select the correct answer using the codes given below

- a. 1 3 6 b. 3 4 5 c. 1 3 5 d. 1 3 4

22. Under which of the following situations, chi-square test is applicable?

1. testing homogeneity
2. testing goodness of fit
3. testing equality of two sample means
4. testing equality of two sample proportions
5. testing independent of attributes

Select the correct answer using the codes given below

Codes

- a. 1 2 3 b. 1 2 5 c. 3 4 5 d. 1 3 5

23. Which one of the following is not the correct statement regarding sampling distribution of mean?

- a. sampling distribution of mean is normally distributed for large sized samples.
- b. sampling distribution of mean is normally distributed for small sized samples drawn from not normally distributed population
- c. T distribution is not normally distributed
- d. Mean of the sampling distribution of mean is equal to the parametric value of mean

24. consider the following statement and identify the wrong statements.

Statement I Accepting null hypothesis, when it is false is called a level of significance.

Statement II $1 - \alpha$ is called power of a test.

Statement III Critical value of Z - static for two tailed test at 5% level of significance is 1.96.

Codes

- a. statements I, II and III b. statements I and III
c. statements II and III d. statements I and II

25. In univariate data analysis, T test is used when the data are in the form of

- a. metric data with one sample b. non-metric data
c. non-metric data with independent variable d. metric data with independent two samples

26. In the hypothesis testing procedure, a researcher may commit type II error in which of the following conditions?

- a. when the true null hypothesis is rejected b. when the alternative hypothesis is accepted
c. when the false null hypothesis is accepted d. when the true null hypothesis is accepted

27. Which one of the following options deals with the process of making estimates, predictions and decisions?

- a. descriptive statistics b. inferential statistics
c. probability theory d. none of these

28. A hypothesis test is being performed for a process in which a type I error will be very costly but a type II error will be relatively inexpensive and unimportant. Which of the following would be the best choice for α in this test?

- a. 0.10 b. 0.05 c. 0.01 d. 0.50

29. Match the following

List-I	List-II
a. fisher	1. inverse probability
b. karl pearson	2. normal distribution

c. Thomas bayes	3. correlation coefficient
d. karl gaus	4. index number

Codes

	A	B	C	D
a.	4	3	2	1
b.	4	3	1	2
c.	4	2	3	1
d.	4	2	1	3

30. if a chi-square test is to be performed on a contingency table with 3 rows and 4 columns, how many degrees of freedom should be used

- a. 6 b. 12 c. 8 d. 9

ANSWER KEYS

1=D	2=C	3=A	4=A	5=D	6=D	7=A	8=C	9=C	10=B
11=B	12=D	13=B	14=D	15=C	16=B	17=C	18=B	19=D	20=D
21=C	22=B	23=B	24=D	25=D	26=C	27=B	28=C	29=B	30=A

UNIT-11

OPERATIONS MANAGEMENT

1. Which of the following is (are) important consideration(s) concerning activity times?

- a. Activity time should be obtained from the person responsible for the completion of an activity
- b. Activity time must be independent of any influence which the preceding or succeeding activity may have on it.
- c. Activity time may assume that just the normal quantity of resources required to carry out the activity are available.
- d. All of the above

Answer: D

2. Objective of Work Study is to improve -----

- a. Cycle time
- b. Productivity
- c. Production
- d. All of the above

Answer: B

3. The following is not a major contributor in the development of Control Charts and Sampling plan?

- a. F H Dodge
- b. H G Roming
- c. Walter Schewhart
- d. J M Juran

Answer: D

4. Organizational models are

- a. multinational model
- b. international model
- c. global organizational model
- d. All of the above

Answer: D

5. The ----- is the defect level for which lots are regarded as bad lots.

- a. Acceptable quality level
- b. Consumer's risk
- c. Producer's risk
- d. Lot Tolerance Percentage Defective

Answer: D

6. What are the advantages of templates over diagrams?

- a. Can be conveniently moved on the graph paper
- b. Less laborious
- c. Saves time
- d. All of the above

Answer: D

7. Attack strategies are

- a. Frontal attack
- b. Flank attack
- c. Encirclement attack
- d. All of the above

Answer: D

8. Which of the following are assignable cause?

- a. Large variations in hardness of material
- b. Tool wear
- c. Errors in setting
- d. All of the above

Answer: D

9. Which of the following are activities of corrective maintenance?

- a. Overhauling
- b. Emergency repairs
- c. Modifications and improvements
- d. All of the above

Answer: D

10. Limitations of Traditional cost accounting are

- a. Assumes factory as an isolated entity
- b. It measures only the cost of producing
- c. both (A) and (B)
- d. none of the above

Answer: c

11. The purpose of the transportation approach for locational analysis is to minimize

- a) total costs
- b) total shipping costs
- c) total variable costs
- d) total fixed costs
- e) the number of shipments

12. The initial solution to a transportation problem can be generated in any manner, so long as

- a. it minimizes cost
- a. b it ignores cost
- b. all supply and demand are satisfied
- c. degeneracy does not exist
- d. all cells are filled

13. Which of the following statements about the northwest corner rule is false?

- a. One must exhaust the supply for each row before moving down to the next row.
- b. One must exhaust the demand requirements of each column before moving to the next column.
- c. When moving to a new row or column, one must select the cell with the lowest cost.
- d. One must check that all supply and demand constraints are met.
- e. All of the above are false.

14. In transportation model analysis the stepping-stone method is used to

- a. obtain an initial optimum solution
- b. obtain an initial feasible solution
- c. evaluate empty cells for potential solution improvements
- d. evaluate empty cells for possible degeneracy
- e. balance supply and demand

15. A transportation problem has a feasible solution when

- a. all of the improvement indexes are positive
- b. the number of filled cells is one less than the number of rows plus the number of columns
- c. all the squares are used
- d. the solution yields the lowest possible cost
- e. all demand and supply constraints are satisfied

16. When the number of shipments in a feasible solution is less than the number of rows plus the number of columns minus one

- a. the solution is optimal
- b. there is degeneracy, and an artificial allocation must be created
- c. a dummy source must be created
- d. a dummy destination must be created
- e. the closed path has a triangular shape

17. The total cost of the optimal solution to a transportation problem

- a. is calculated by multiplying the total supply (including any dummy values) by the average cost of the cells
- b. cannot be calculated from the information given
- c. can be calculated from the original non-optimal cost, by adding the savings made at each improvement
- d. is found by multiplying the amounts in each cell by the cost for that cell for each row and then subtract the products of the amounts in each cell times the cost of each cell for the columns
- e. can be calculated based only on the entries in the filled cells of the solution

18. The stepping-stone method
- is an alternative to using the northwest corner rule
 - often involves tracing closed paths with a triangular shape
 - is used to evaluate the cost effectiveness of shipping goods via transportation routes not currently in the solution**
 - is used to identify the relevant costs in a transportation problem
 - helps determine whether a solution is feasible or not
19. In a minimization problem, a negative improvement index in a cell indicates that the
- solution is optimal
 - total cost will increase if units are reallocated to that cell
 - total cost will decrease if units are reallocated to that cell**
 - current iteration is worse than the previous one
 - problem has no feasible solution
20. In a minimization problem, a positive improvement index in a cell indicates that
- the solution is optimal
 - the total cost will increase if units are reallocated to that cell**
 - the total cost will decrease if units are reallocated to that cell
 - there is degeneracy
 - the problem has no feasible solution
21. An improvement index indicates
- whether a method other than the stepping stone should be used
 - whether a method other than the northwest corner rule should be used
 - whether the transportation cost in the upper left-hand corner of a cell is optimal
 - how much total cost would increase or decrease if the largest possible quantity were reallocated to that cell
 - how much total cost would increase or decrease if a single unit was reallocated to that cell**
22. Which of the following would not generally be a motive for a firm to hold inventories? To
- take advantage of quantity discounts
 - minimize holding costs**
 - reduce stock out risks
 - decouple production from distribution
 - meet anticipated demand
23. Which of the following statements about ABC analysis is false?
- ABC analysis is based on the presumption that controlling the few most important items produces the vast majority of inventory savings.
 - In ABC analysis, "A" Items are tightly controlled, have accurate records, and receive regular review by major decision makers.
 - ABC analysis is based on the presumption that all items must be tightly controlled to produce important cost savings.**
 - In ABC analysis, "C" Items have minimal records, periodic review, and simple controls
 - None of the above statements are true.
24. ABC analysis divides on-hand inventory into three classes, generally based upon
- unit price
 - the number of units on hand
 - annual demand
 - annual dollar volume**
 - item quality
25. Among the advantages of cycle counting is that it
- makes the annual physical inventory more acceptable to management
 - allows more rapid identification of errors and consequent remedial action than is possible with annual physical inventory**
 - does not require the detailed inventory records necessary when annual physical inventory is used
 - does not require highly trained people
 - does not need to be performed for less expensive items
26. The two most basic inventory questions answered by the typical inventory model are

- a. timing and cost of orders b. quantity and cost of orders
 c. **timing and quantity of orders** d. order quantity and service level
 e. ordering cost and carrying cost
27. Which of the following statements about the basic EOQ model is true?
 a. If the ordering cost were to double, the EOQ would rise.
 b. If annual demand were to double, the EOQ would increase.
 c. If the carrying cost were to increase, the EOQ would fall.
 d. If annual demand were to double, the number of orders per year would decrease.
 e. **All of the above statements are true.**
28. An inventory decision rule states that "when the inventory level goes down to 14 gearboxes, 100 gearboxes will be ordered." Which of the following statements is true?
 a. 100 is the reorder point, and 14 is the order quantity.
 b. The number 100 is a function of demand during lead time.
 c. 14 is the safety stock, and 100 is the reorder point.
 d. **14 is the reorder point, and 100 is the order quantity.**
 e. None of the above.
29. The Production Order Quantity model
 a. relaxes the assumption of known and constant demand
 b. uses Ordering Cost, not Setup Cost, in its formula
 c. assumes instantaneous delivery
 d. results in larger average inventory than an equivalent EOQ model
 e. **is appropriate when units are sold/used as they are produced**
30. Which of the following statements regarding the Production Order Quantity model is true?
 a. It applies only to items produced in the firm's own production departments.
 b. It relaxes the assumption that the demand rate is constant.
 c. It minimizes the total production costs.
 d. **It relaxes the assumption that all the order quantity is received at one time.**
 e. It minimizes inventory.
31. Which of the following statements about quantity discounts is false?
 a. The cost-minimizing solution may, or may not, be where annual holding costs equal annual ordering costs.
 b. In inventory management, item cost becomes relevant to inventory decisions only when a quantity discount is available.
 c. **The larger annual demand, the less attractive a discount schedule will be.**
 d. The smaller the ordering cost, the less attractive a discount schedule will be.
 e. If carrying costs are expressed as a percentage of value, EOQ is larger at each lower price in the discount schedule.
32. The layout strategy that deals with low-volume, high-variety production is
 a. fixed-position layout b. retail/service layout
 c. warehouse layout d. all of the above
 e. **none of the above**
33. A good layout requires determining
 a. capacity and space requirements b. material handling requirements
 c. environment and aesthetics d. flows of information
 e. **all of the above**
34. For which of the following operations would a fixed-position layout be most appropriate?
 a. assembly of an automobile b. production of cameras and TV sets
 c. **construction of a ship** d. refining of crude oil
 e. grocery store
35. The type of layout which features departments or other functional groupings in which similar activities are performed is

- a. **process**
- c. fixed-position
- e. unit
- b. product
- d. mass

36. According to Heizer and Render, an office layout

- a. **groups workers, their equipment, and spaces/offices to provide for movement of information**
- b. addresses the layout requirements of large, bulky projects such as ships and buildings
- c. seeks the best personnel and machine utilization in repetitive or continuous production
- d. allocates shelf space and responds to customer behavior
- e. deals with low-volume, high-variety production

37. According to Heizer and Render, a retail/service layout

- a. groups workers, their equipment, and spaces/offices to provide for movement of information
- b. addresses the layout requirements of large, bulky projects such as ships and buildings
- c. seeks the best personnel and machine utilization in repetitive or continuous production
- d. **allocates space and responds to customer behavior**
- e. deals with low-volume, high-variety production

38. Balancing low-cost storage with low-cost material handling is important in

- a. a fixed-position layout
- c. an office layout
- e. **a warehouse layout**
- b. a process-oriented layout
- d. a product-oriented layout

39. which type of layout is used to achieve a smooth and rapid flow of large volumes of output?

- a. process
- c. product
- e. fixed-position
- b. **batch**
- d. unit

40. Which of the following are strongly associated with "crossdocking"?

- a. non-value-adding activities such as receiving and storing
- b. multi-modal transportation facilities at seaports
- c. **processing items as soon as they are received into a distribution center**
- d. use of manual product identification systems
- e. all of the above

41. Critical path method

- (A) Helps in ascertaining time schedules
- (B) Makes better and detailed planning possible
- (C) Provides a standard method for communicating project plans schedules and to time and cost performance
- (D) All of the above

Correct Answer D

42. Critical Path Net Work helps an engineer

- (A) To concentrate his attention on critical activities
- (B) To divert the resources from noncritical advanced activities to critical activities
- (C) To be cautious for avoiding any delay in the critical activities to avoid delay of the whole project
- (D) All of the above

Correct Answer D

43. Both Rowan plan and 50-50 Halsey plan will provide the same earning when the actual time is _____ the standard time.

- (A) One-fourth
- (C) Equal to
- (B) One-half
- (D) Twice

Correct Answer B

44. In break-even analysis, total cost consists of

- (A) Fixed cost
- (B) Variable cost
- (C) Fixed cost + variable cost
- (D) Fixed cost + variable cost + overheads

Correct Answer C

45. Which one of the following techniques is used for determining allowances in time study?

- (A) Acceptance sampling
- (B) Linear regression
- (C) Performance rating
- (D) Work sampling

Correct Answer D

46. Expediting function consists in keeping a watch on

- (A) Operator's activity
- (B) Flow of material and in case of trouble locate source of trouble
- (C) Minimizing the delays
- (D) Making efficient dispatching

Correct Answer B

47. The most popular type of organization used for Civil Engineering Constructions is

- (A) Line organization
- (B) Line and staff organization
- (C) Functional organization
- (D) Effective organization

Correct Answer A

48. Which one of the following chart gives simultaneously information about the progress of work and machine loading?

- (A) Process chart
- (B) Machine load chart
- (C) Man-machine chart
- (D) Gantt chart

Correct Answer C

49. Merit Rating is the method of determining worth of

- (A) A job
- (B) An individual employee
- (C) A particular division in workshop
- (D) Machine

Correct Answer B

50. The time required to complete a task is established and a bonus is paid to the worker for every hour he saves from the established time required. This type of incentive plan is known as

- (A) Rowan Plan
- (B) Taylor Differential Piece rate system
- (C) Halsey Premium plan
- (D) Day work plan

Correct Answer C

51. Which of the following wage incentive plan guarantees minimum wage to a worker and bonus is paid for the fixed percentage of time saved?

- (A) Halsey plan
- (B) Gantt plan
- (C) Rowan plan
- (D) Emerson's efficiency plan

Correct Answer A

52. Bin card is used in

- (A) Administrative wing
- (B) Workshop
- (C) Foundry shop
- (D) Stores

Correct Answer D

53. The production scheduling is simpler and high volume of output and high labour efficiency are achieved in the case of

- (A) Product layout
- (B) Process layout
- (C) Fixed position layout
- (D) A combination of line and process layout

Correct Answer A

54. The disadvantage of product layout is

- (A) High initial investment for the specialized facilities
- (B) Skilled labour to operate machines

(C) Production time is longer, requiring more goods in inventory

(D) High cost of inspection

Correct Answer A

55. CPM is the

(A) Time oriented technique

(B) Event oriented technique

(C) Activity oriented technique

(D) Target oriented technique

Correct Answer C

56. PERT

(A) Provides an approach for keeping planning up-to-date

(B) Provides a way for management to require that planning be done on a uniform and logical basis

(C) Permits management to foresee quickly the impact of variations from the plan

(D) All of the above

Correct Answer D

57. The probability distribution of activity times in PERT follows following distribution

(A) Normal

(B) Binomial

(C) Beta

(D) Exponential

Correct Answer C

58. Pick up the correct statement. Dummy activity on a PERT/CPM chart means, it

(A) Consumes time, but no resources

(B) Consumes resources but no time

(C) Consumes neither time nor resources

(D) Is a dangling event

Correct Answer C

59. In the cost structure of a product, the selling price is determined by the factors such as

(A) Sales turn over

(B) Lowest competitive price

(C) Various elements of the cost

(D) All of the above

Correct Answer D

60. Work study is concerned with

(A) Improving present method and finding standard time

(B) Motivation of workers

(C) Improving production capability

(D) Improving production planning and control

Correct Answer A

61. Which of the following are the guidelines for the construction of a network diagram?

(A) Each activity is represented by one and only one arrow in the network

(B) Dangling must be avoided in a network diagram

(C) Dummy activity consumes no time or resource

(D) All of the above

Correct Answer D

61. ABC analysis deals with

(A) Analysis of process chart

(B) Flow of material

(C) Ordering schedule of job

(D) Controlling inventory costs money

Correct Answer D

62. Breakeven analysis is a

(A) Short term analysis

(B) Long term analysis

(C) Average of short and long term analysis

(D) Any one of these

Correct Answer A

63. The appellate authority for an industrial dispute is

(A) Management

(B) Labour court

(C) High court/supreme court

(D) Board of directors

Correct Answer C

64. Which of the following layouts is suited to job production?

- (A) Process layout (B) Product layout
(C) Fixed position layout (D) Plant layout

Correct Answer A

65. 'Value' for value engineering and analysis purposes is defined as

- (A) Purchase value (B) Saleable value
(C) Depreciated value (D) Function/cost

Correct Answer D

66. Replacement studies are made on the following basis

- (A) Annual cost method (B) Rate of return method
(C) Total life average method (D) Any one of the above

Correct Answer D

67. The product layout

- (A) Lowers overall manufacturing time (B) Requires less space for placing machines
(C) Utilizes machine and labour better (D) All of these

Correct Answer D

68. The time of completing a project in network analysis is given by following time of the critical activity meeting at the final triode

- (A) Early finish (B) Early start
(C) Late start (D) Late finish

Correct Answer A

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Correct Answer D

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Correct Answer D

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Correct Answer B

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Correct Answer C

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Correct Answer D

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- (A) Process chart (B) Machine load chart
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Correct Answer C

77. Merit Rating is the method of determining worth of

- (A) A job (B) An individual employee
(C) A particular division in workshop (D) Machine

Correct Answer B

78. Routing is essential in the following type of industry

- (A) Assembly industry (B) Process industry
(C) Job order industry (D) Mass production industry

Correct Answer A

79. The time required to complete a task is established and a bonus is paid to the worker for every hour he saves from the established time required. This type of incentive plan is known as

- (A) Rowan Plan (B) Taylor Differential Piece rate system
(C) Halsey Premium plan (D) Day work plan

Correct Answer C

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- (A) Administrative wing (B) Workshop
(C) Foundry shop (D) Stores

Correct Answer D

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(C) Fixed position layout (D) A combination of line and process layout

Correct Answer A

83. The disadvantage of product layout is

- (A) High initial investment for the specialized facilities
(B) Skilled labour to operate machines
(C) Production time is longer, requiring more goods in inventory
(D) High cost of inspection

Correct Answer A

84. If 'F' is the fixed cost, 'V' is the variable cost per unit (or total variable costs) and 'P' is the selling price of each unit (or total sales value), then break-even point is equal to

- (A) $(F \times V)/P$ (B) $(F \times P)/V$
(C) $F/[1 + (V/P)]$ (D) $F/[1 - (V/P)]$

Correct Answer D

85. The critical path of a network represents

- (A) The minimum time required for completion of project
- (B) The maximum time required for completion of project
- (C) Maximum cost required for completion of project
- (D) Minimum cost required for completion of project

Correct Answer A

86. The break-even point represents

- (A) The most economical level of operation of any industry
- (B) The time when unit can run without i loss and profit
- (C) Time when industry will undergo loss
- (D) The time when company can make maximum profits

Correct Answer C

87. One of the basic essentials of an incentive plan is that

- (A) A differential piece rate system should exist
- (B) Minimum wages should be guaranteed
- (C) Provide incentive to group efficiency performance
- (D) All standards should be based on time studies

Correct Answer D

88. Inventory control in production, planning and control aims at

- (A) Achieving optimization
- (B) Ensuring against market fluctuations
- (C) Acceptable customer service at low capital investment in inventory
- (D) Discounts allowed in bulk purchase

Correct Answer C

89. The allowed time for a job equals standard time plus

- (A) Policy allowance
- (B) Interference allowance
- (C) Process allowance
- (D) Learning allowance

Correct Answer A

90. Value engineering aims at finding out the

- (A) Depreciation value of a product
- (B) Resale value of a product
- (C) Major function of the item and accomplishing the same at least cost without change in quality
- (D) Break-even point when machine requires change

Correct Answer C

92. A-B-C analysis

- (A) Is a basic technique of materials management
- (B) Is meant for relative inventory control
- (C) Does not depend upon the unit cost of the item but on its annual consumption
- (D) All of the above

Correct Answer D

93. Break-even analysis can be used for

- (A) Short run analysis
- (B) Long run analysis
- (C) Average of above two run analysis
- (D) There is no such criterion

Correct Answer A

94. In manufacturing management, the term 'Dispatching' is used to describe

- (A) Dispatch of sales order
- (B) Dispatch of factory mail
- (C) Dispatch of finished product of the user
- (D) Dispatch of work orders through shop floor

Correct Answer D

94. PERT analysis is based on

- (A) Optimistic time (B) Pessimistic time
(C) Most likely time (D) All of the above

Correct Answer D

95. Actual performance of a task is called

- (A) An event (B) An activity
(C) A duration (D) None of these

Correct Answer B

96. Break-even analysis shows profit when

- (A) Sales revenue > total cost (B) Sales revenue = total cost
(C) Sales revenue < total cost (D) Variable cost < fixed cost

Correct Answer A

97. Gantt charts are used for

- (A) Forecasting sales (B) Production schedule
(C) Scheduling and routing (D) Linear programming

Correct Answer B

EXAM BASED QUESTIONS

1. Operation management includes

- a. Production planning b. Production control
c. Inventory control d. All of these

2. Which of the following is factors of product design stage?

- a. Product features b. Economic analysis
c. Profit and competitiveness d. all of the above

3. The operations file is updated by the

- a. Production control system b. MRP system
c. Shipping system d. All of the above

4. Process layout offers the advantage of

- a. adaptability to changes b. better job satisfaction for the workers
c. Higher flow times d. Both a and b

5. When workstations are arranged according to the progressive steps by which the product is produced it is called as

- a. functional layout b. product layout
c. fixed position layout d. job shop layout

6. Which of the following question is not relevant in making a facility decision?

- a. where should the capacity be located? B. when is the capacity needed?
c. what kind of capacity is needed? d. None of the above

7. Facility location decisions

- a. do not affect other capacity decisions b. are intermediate range capacity decisions
c. are not affect by other existing capacities d. None of the above

8. Which of the following factors affect the process design decisions?

- a. Nature of product / service demand b. Degree of vertical integration
c. Product volume flexibility d. All of the above

9. When the plant is engaged in batch production, which activity is useful?

- a. cycle schedule b. breakdown of orders
c. mass schedule d. PERT

10. Factors of production planning includes

- a. volume of production b. nature of production process

- c. layout of facility
d. all of the above
11. Group layout is the type of
a. Process layout
b. Product layout
c. plant layout
d. matrix layout
12. Secondary factors of location includes
a. soil and climate
b. industrial environment
c. financial aids
d. all of these
13. Plant location covers
a. flow lines
b. plant layout
c. physical distribution management
d. all of the above
14. Production planning includes
a. estimating
b. scheduling
c. routing
d. all of these
15. Production control involves
a. dispatching
b. expediting / follow-up / progressing
c. inspection
d. all of the above
16. Product layout is used when
a. the number of end products is small in variety
b. the volume of production is high for any item
c. the products are highly standardized and interchangeable.
d. all of the above
17. Process layout is also known as
a. plant layout
b. functional layout
c. job layout
d. production layout
18. The design of a factor building is based on
a. flexibility
b. expandability
c. size of production
d. all of these
19. Production planning involves
a. order booking
b. inventory procurement
c. budgeting
d. all of these
20. The scope of facility planning includes
a. selection of plant design
b. design of building space
c. plant utilities and services
d. all of the above
21. The hybrid layout is a combination of
a. Plant layout and product layout
b. Process layout and product layout
c. Process layout and plant layout
d. Plant layout and cost layout
22. Which of the following is/are importance of layout?
a. Facilitating flow of material
b. Reducing health hazards to workers
c. Facilitating flow of information
d. All of the above
23. Which factors affect the plant layout?
a. Product and material specifications
b. Manufacturing process
c. Location
d. All of the above
24. Production planning is a management function employed for the direction of the manufacturing operations and their coordination with activities of
a. firm
b. plant
c. organization
d. profit
25. Which of the following are forecasting methods?

- a. Exponential smoothing
c. Regression analysis
- b. Expert opinion method
d. All of these
26. Periodic variations that occur with some degree of regularity within a specified period are generally known as
a. Seasonal variations
c. Erratic variations
- b. Cyclical variations
d. All of these
27. The objective of conducting a short-term forecasting is
a. estimate inventory requirement
c. to decide current work load
- b. provide transportation for month
d. all of the above
28. Which of the following statements are true?
a. process layout is designed according to a separate line for each product
b. material handling per product is costlier because of long distance handling
c. bulk purchase is done at periodic intervals
d. all of the above
29. Which of the following describes an ERP system?
a. ERP systems provide a foundation for collaboration between departments.
b. ERP systems enable people in different business areas to communicate
c. ERP systems have been widely adopted in large Organisations to store critical knowledge used to make the decisions that drive the organization's performance.
d. all of the above
30. What must a system do a qualify as a true ERP solutions?
a. be flexible
c. extent with in company
- b. be modular and closed
d. all of the above
31. Which of the following occurs when everyone involved in scouring, producing and delivering the company product works with the same information?
a. eliminates redundancies
c. remove misinformation
- b. cuts down wasted time
d. all of the above
32. What are several different types of software, which sit in the middle of and provide connectivity between two or more software applications?
a. Middleware
c. automated business process
- b. enterprise application integration middleware
d. e-business infrastructure
33. Which of the following is a reason for ERPs explosive growth?
a. ERP is a logical solution to the mass of incompatible applications
b. ERP addresses the need for global information sharing and reporting.
c. ERP is used to avoid the pain and expense of fixing legacy system.
d. all of the above
34. Who are the primary users of SCM systems?
a. sales, marketing and customer service
b. accounting, finance, logistics and production.
c. customers, resellers, partners, suppliers and distributors
d. all of the above.
35. what are the primary business benefits of an ERP system?
a. sales forecasts, sales strategies and marketing campaigns.
b. market demand, resource and capacity constraints, and real time scheduling.
c. forecasting, planning, purchasing, material management, warehousing, inventory and distribution.
d. all of the above
36. Which is one of the most critical steps in the ERP implementation?
a. creation of organisational model
c. creation of business model
- b. creation of integrated data model
d. creation of data model

37. In an integrated data model, what gives a snapshot of the organization at any given time?
 a. ERP b. database c. management d. MIS
38. _____ module supports the entire sales and purchase processes from start to finish.
 a. order management b. sales management
 c. purchase management d. master data management
39. ERP system is built on a _____ utilizing a common computing platform.
 a. centralized database b. individual database
 c. modular database d. centralized layout
40. Loading may be defined as
 a. sending the raw material to the machine b. sending the finished material to the store
 c. assign the work to the facilities d. uploading a software in machine control panel
41. The correct sequence of operations in production planning and control is
 a. routing- scheduling – dispatching – follow up
 b. scheduling- routing – dispatching – follow up
 c. dispatching – routing – scheduling – follow - up
 d. routing – scheduling – follow-up – dispatching
42. Procurement cycle time is time consumed for
 a. receiving of raw material b. inspection of various raw material
 c. inspection of purchased components parts d. all of the above
43. Master schedule is prepared for
 a. Single product continuous production b. multi product batch production
 c. assembly product continuous production d. single product batch production
44. Gantt Chart is mostly used for
 a. routing b. scheduling c. follow-up d. inspection & quality control
45. Which of the technique has the shortest time in scheduling?
 a. FIFO b. LIFO c. SOT d. SOP
46. Drum, buffer, rope concept is associated with?
 a. scheduling b. loading c. sequencing d. monitoring
47. Which of the following sequence techniques focus on prompt delivery?
 a. customer sequence b. due date sequence
 c. FIFO sequence d. SOT sequence
48. which of the following statements is not true for push strategy?
 a. the jobs are scheduled by centralized programmes
 b. the demand creates its own supply
 c. the customer is not the trigger in the production process
 d. here, the previous unit keeps on producing goods while ignoring whether the next workstation requires its output or not.
49. Improving quality through small, incremental improvements is a character of what type of quality management system?
 a. just in time b. six sigma
 c. total quality management d. Kaizen
50. What is the term for the monitoring of events both internal and external to the organization that affects strategy?
 a. operational control b. strategic surveillance
 c. strategic control d. environmental scanning
51. Which of the following are key components of a total quality management system?
 a. individual responsibility, incremental improvement, use of raw data

- b. collective responsibility, continual improvement, use of raw data
- c. group responsibility, staged improvement, knowledge
- d. involves everyone, continual improvement, use of data and knowledge

52. Quality in manufacturing means that at a _____ all production must be within specification limits and the _____ variation from the normal, the better the quality.

- a. minimum, less
- b. minimum, more
- c. maximum, less
- d. maximum, more

53. in order to achieve quality, Organisations must consider

- a. product policy
- b. product design and manufacturing
- c. final use of the product
- d. all of the above

54. the preferred method for achieving total quality in process output is to

- a. build and install an error proof process and maintain it
- b. rely on operator self-inspection and self-correction.
- c. rely on a team of highly trained and dedicated inspectors
- d. perform inspection at the nest process

55. Total Quality Management (TQM) programmes are more likely to remain effective if a number of prescriptions are followed. Which of the following prescriptions should not be followed?

- a. TQM does not become a separate 'bolt-on' set of activities
- b. slogans and exhortations about TQM's effectiveness are avoided
- c. TQM should become a substitute for normal managerial leadership
- d. quality improvement relates to an operations performance objectives

56. TQM expands on earlier approaches to quality management. Which of the following is ordered correctly from earlier to later ideas?

- a. quality control, inspection, quality assurance, total quality management
- b. inspection, quality control, quality assurance, total quality management.
- c. quality assurance, inspection, quality control, total quality management.
- d. quality assurance, quality control, inspection, total quality management

57. What does Kaizen mean, when translated from Japanese into English

- a. change good
- b. change slow
- c. process change
- d. process slow

58. which is the best description of Kaizen?

- a. a slow process of continuous improvement
- b. a quick process of continuous improvement
- c. a process to re-engineer all company processes
- d. a process to have outside consultants implement improved methods of production

59. significance feature of Kaizen budgeting is

- a. employee suggestion
- b. customer suggestion
- c. cost suggestion
- d. price suggestion

60. which of the following is not an external driver for benchmarking?

- a. customers continually demand better quality, lower prices, shorter lead times.
- b. competitors are constantly trying to get ahead and steal markets
- c. legislation
- d. none of the above

ANSWER KEYS'

1=D	2=D	3=C	4=D	5=B	6=C	7=D	8=D	9=A	10=D
11=C	12=D	13=D	14=D	15=D	16=D	17=B	18=D	19=D	20=D
21=B	22=D	23=D	24=A	25=D	26=A	27=D	28=D	29=D	30=A
31=D	32=A	33=D	34=D	35=D	36=B	37=B	38=A	39=A	40=C
41=A	42=D	43=A	44=B	45=C	46=D	47=B	48=B	49=D	50=B

51=D	52=A	53=D	54=A	55=C	56=B	57=A	58=A	59=A	60=D
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PREVIOUS YEAR QUESTIONS

1. Arrange the operations in production planning and control in correct sequence.

- | | |
|---------------|----------------|
| 1. routing | 2. Dispatching |
| 3. follow-up | 4. Scheduling |
| a. 2, 4, 3, 1 | b. 1, 4, 2, 3 |
| c. 4, 1, 3, 2 | d. 1, 4, 2, 3 |

2. The following statements relate to project network. Choose the correct code for the statements being correct or incorrect.

Statement I An activity cannot be represented by more than one arrow, but an arrow can represent one or more activities.

Statement II The activities in a critical path can be preponed or postponed.

Codes:

- both statements are correct
- both statements are incorrect
- statement II is correct but statement I is incorrect
- statement I is correct but statement II is incorrect

3. Match the following

LIST-I	LIST-II
a. \bar{x} Chart	1. number of defects
b. P chart	2. variations between samples
c. C chart	3. variations within samples
d. R chart	4. proportion of defectives

Codes:

	A	B	C	D
a.	4	3	2	1
b.	4	2	1	3
c.	2	4	1	3
d.	2	4	3	1

4. Statement I The critical path has been defined as the longest duration path between the first and the last nodes of a project.

Statement II The duration of a project is not always the same as the duration of its critical path.

Statement III The earliest start and finish times of an activity are based on the condition that every activity will not be started and finished as early as possible.

Find the correct code for given statements being correct or incorrect.

- statement I and II are correct but statement III is not correct
- statement I and III are correct but statement II is not correct
- statement I is correct but statements II and III are not correct.
- Statement II is correct but statement I and III are not correct.

5. Statement I Internal failure costs are generated after the product is dispatched as a result of non-performance to requirements.

Statement II External failure costs are generated before the product is dispatched as a result of non-confidence to requirements.

Which of the following code is correct

- both statements are correct
- both statements are not correct
- statement I is correct but statement II is not correct
- statement II is correct but statement I is not correct

6. Match the following

LIST-I	LIST-II
a. technological progresses	1. building design, facility layout
b. facilities	2. vendor capabilities, acquisition decision
c. personnel estimates	3. process design, process linkage
d. vertical integration studies	4. skill requirements, supervision requirements

Codes:

	A	B	C	D
a.	3	1	4	2
b.	1	3	4	2
c.	2	1	4	3
d.	1	3	2	4

7. following statements are given for plant location strategies.

Statement I White goods manufacturing companies have separate plants for color TVs, washing machines, microwave ovens, etc. for avoiding confusion and bringing about economies of scale.

Statement II Pepsi and Coke have bottling plants scattered all over the country which cater to different regions to avoid confusion at the main manufacturing set-up rather than reducing overall transportation costs and the lead time for supplying goods in the markets.

Codes:

- a. statement I is not correct, but statement II is correct
- b. both statements are correct
- c. statement I is correct but statement II is not correct
- d. both statements are not correct.

8. Which one of the following combinations of the feature of the popular layouts is not matching?

Factors	Fixed layout	Product layout	Process layout	Cellular layout
a. material travel	Fixed path	Variable path	Often high path	Variable path
b. process	Ship building	Continuous and repetitive	Job or small batch	Small to medium batch
c. product	Made to order, low volume	Standardized product	Diversified product using common operations	Diversified products
d. Utilization of facilities	Moderate	Very high	General purpose	high

9. An activity that consumes no time but shows precedence among activities is known as

- a. slack activity
- b. successor activity
- c. dummy activity
- d. critical activity

10. which one of the following is not correct matching between level of facility planning and type of activity

- a. global level and site location and selection
- b. macro layout level and site planning
- c. micro layout level and cell design
- d. sub-micro layout and workstation and cell design

11. Which one of the following OR Models is appropriate for project planning and scheduling operations?

- a. game models
- b. inventory models
- c. network models
- d. queuing models

12. in which one of the following situations, a product oriented layout is appropriate?

- a. a medical clinic
- b. an automated carwash
- c. a work center for welding, heat treating and painting
- d. a home plumbing repair business

13. which one of the following is a technique of statistical quality control used for product control?

- a. R chart
- b. sampling plan
- c. np chart
- d. control chart

14. The least amount of time an activity is expected to consume. Which one of the following relates to the above expression as per PERT language?

- a. expected time
c. optimistic time

- b. most likely time
d. pessimistic time

15. which one of the following is not covered while considering the types of costs involved in quality control?

- a. preventive costs
c. inspection costs

- b. manufacturing costs
d. failure costs

16. statement I Operation research is the application of scientific methods to the study of alternatives in a problem situation with a view to providing qualitative basis for arriving at an optimum solution in terms of goal sought.

Statement II Operation research is a quantitative commonsense embracing observation, experiment and reasoning.

Codes:

- a. statement I is correct but statement II is incorrect
b. both statements are correct
c. both statements are incorrect
d. statement II is correct but statement I is incorrect

17. Match the items of List I with List II

LIST-I	LIST-II
a. PERT	1. strategies
b. CPM	2. events
c. Game theory	3. network

Codes:

- | | | | |
|----|---|---|---|
| | A | B | C |
| a. | 1 | 2 | 3 |
| b. | 2 | 3 | 1 |
| c. | 3 | 2 | 1 |
| d. | 3 | 1 | 2 |

18. Statement I \bar{x} chart, np chart and R chart are the techniques used for product control under statistical quality control

Statement II Operating features curve helps determine whether a particular acceptance sampling plan meets both the product and the consumer risk requirements.

Codes:

- a. both statements are correct
b. both statements are incorrect.
c. statement I is correct but statement II is incorrect
d. statement I is incorrect but statement II is correct

19. Which of the following jobs/decisions of production/operations management are related to short time horizon?

- | | |
|--------------------------|--|
| 1. product design | 2. Product variations |
| 3. production scheduling | 4. Design of jobs |
| 5. breakdown maintenance | 6. Available materials allocation and handling |

Codes

- a. 1, 3 and 4 b. 1, 2 4 c. 3, 5, 6 d. 2, 5, 6

20. Match the items of List-I with the items of List-II regarding operations research models and their bases of categorization and indicate the code of their correct matching.

LIST-I	LIST-II
a. analogue model	1. nature of environment
b. description model	2. method of getting the solution
c. deterministic model	3. structure
d. simulation model	4. utility

Codes

- | | | | | |
|----|---|---|---|---|
| | A | B | C | D |
| a. | 1 | 2 | 3 | 4 |
| b. | 3 | 4 | 1 | 2 |
| c. | 2 | 4 | 1 | 3 |

d. 4 1 3 1

1=	2=B	3=C	4=C	5=B	6=A	7=C	8=A	9=C	10=D
11=C	12=B	13=B	14=C	15=B	16=B	17=B	18=D	19=C	20=B

UNIT-12**INTERNATIONAL BUSINESS**

1. The 1st phase of globalization started around 1870 and ended with

- a. The World War I
- b. The World War II
- c. The Establishment of GATT
- d. In 1913 when GDP was High

Ans: a

2. IBRD (International Bank for Reconstruction and Development) also known as

- a. Exim Bank
- b. World Bank
- c. International Monetary fund
- d. International Bank

Ans: b

3. Ultimatelywas replaced by theon 1st Jan 1995

- a. GATS, WTO
- b. WTO, GATT
- c. GATT, WTO
- d. IMF, GATT

Answer: c

4. Which is the right sequence of a stages of Internationalization

- a. Domestic, Transnational, Global, International, Multinational
- b. Domestic, International, Multinational, Global, Transnational
- c. Domestic, Multinational, International, Transnational, Global
- d. Domestic, International, Transnational, Multinational, Global

Answer: b

5. Subsidiaries consider regional environment for policy / Strategy formulation is known as

- a. Polycentric Approach
- b. Regiocentric Approach
- c. Ethnocentric Approach
- d. Geocentric Approach

Answer: b

6. According to this theory the holdings of a country's treasure primarily in the form of gold constituted its wealth.

- a. Gold Theory
- b. Ricardo Theory
- c. Mercantilism
- d. Hecksher Theory

Answer: c

7. The Theory of Absolute Cost Advantage is given by

- a. David Ricardo
- b. Adam Smith
- c. F W Taylor
- d. Ohlin and Heckscher

Answer: b

8. The Theory of Relative Factor Endowments is given by

- a. David Ricardo
- b. Adam Smith
- c. F W Taussig
- d. Ohlin and Heckscher

Answer: d

9. The theory of Comparative cost advantage is given by

- a. David Ricardo
- b. Adam Smith
- c. F W Taussig
- d. Ohlin and Heckscher

Answer: a

10.is application of knowledge which redone the boundaries of global business

- a. Cultural Values
- b. Society
- c. Technology
- d. Economy

Answer: c

11. Capitalistic, communistic and Mixed are the types of

- a. Economic System
- b. Social System
- c. Cultural Attitudes
- d. Political System

Answer:a

12. Which is not an Indian Multinational Company?

- a. Unilever
- b. Asian Paints
- c. Piramal
- d. Wipro

Answer: a

13. Globalization refers to:

- a) Lower incomes worldwide
- b) Less foreign trade and investment
- c) Global warming and their effects
- d) A more integrated and interdependent world

Answer: d

14. Which of the following is not a force in the Porter Five Forces model?

- a. Buyers
- b. Suppliers
- c. Complementary products
- d. Industry rivalry

Answer:c

15. Comparative Cost Trade Theory is given by

- a. Adam Smith
- b. David Ricardo
- c. Gottfried Haberler
- d. Heckscher Ohlin

Answer: b

16.is the payment method most often used in International Trade which offers the exporter best assurance of being paid for the products sold internationally.

- a. Bill of Lading
- b. Letter of Credit
- c. Open Account
- d. Drafts

Answer: b

17. Key controllable factors in global marketing are:

- a. Government policy and legislation
- b. social and technical changes
- c. marketing activities and plans
- d. all of the above.

Answer: c

18. Select example of Indian Multinational Company

- a. Hindusthan Unilever
- b. Videocon
- c. Cargill
- d. Tesco

Answer:b

19.corporation produces in home country or in a single country and focuses on marketing these products globally or vice a versa.

- a. Global
- b. International
- c. Transnational
- d. None of the above

Ans: a

20. ————company produces, markets, invests and operates across the world

- a. Global
- b. International
- c. Transnational
- d. Multinational

Ans: c

21.is only a legal agreement and it is not an institution, but is a permanent institution.

- a. GATT, WTO
- b. WTO, GATT
- c. WTO, IMF
- d. IMF, GATT

ans: a

22. The WTO was established to implement the nil act of Uruguay Round agreement of

- a. MFA
- b. GATT
- c. TRIP's
- d. UNO

Ans: GATT

23. WTO stands for

- a. World technology association
b. World time organization
c. World trade organization
d. World tourism organization

Ans: c

24. NAFTA stands for

- a. North African trade association
b. North American free trade agreement
c. Northern Atlantic trade agreement
d. Northern association for trade

Ans: b

25. IPR stands for

- a. Intellectual property rights
b. International property rights
c. Internal promotion rights
d. Interior promotional rights

Ans: a

26. The main promoter of trade liberalization was

- a. GATT
b. NAFTA
c. CEPTA
d. CISA

Ans: a. GATT

27. MNC Stands for

- a. Multi National Cooperation
b. Multi National Corporation
c. Multi Nation Company
d. Multi National Collaboration

Ans: b

28. _____ is the 1st step in the internationalization process.

- a. License
b. Foreign Investment
c. Sales
d. Export

Answer: a

29. SMEs stands for:

- a. Small and Medium Entrepreneurs
b. Small Management of Enterprises
c. Small and Medium-sized Enterprises.
d. Societies for Managing Exports

Answer: c

30. The OECD stands for:

- a. Organization for Economic Co-operation and Development
b. Organization for Economic Coordination and Development
c. Organization for Environmental Cooperation and Development.
d. Organization for Environmental Control and Development

Answer: a

Q31. As per Union Budget 2018-19, what is the fiscal deficit target for 2018-19?

1. 3.0%
2. 3.3%
3. 3.6%
4. 3.9%

Q32. Which among the following is/are recently appointed as part-time non-official directors of RBI?

1. Swaminathan Gurumurthy
2. Satish Kashinath Marathe
3. N Chandrashekhar
4. Only 1 and 2

Q33. What is the tenure of Non-official directors of Reserve Bank of India?

1. 2 years
2. 3 years
3. 4 years
4. 5 years

Q34. What is the minimum number of meetings to be held by Central Board of Reserve Bank of India?

1. Six
2. Eight
3. Ten
4. Twelve

Q35. Under which section of RBI Act, the Reserve Bank of India transfers the surplus profit to government of India?

1. Section 21A
2. Section 47
3. Section 35
4. Section 22

Q36. When Federation of Indian Chambers of Commerce & Industry was established?

1. 1927
2. 1933
3. 1948
4. 1971

Q37. Which out of the following has maximum weightage among core sectors?

1. Crude Oil 2. Steel 3. Electricity 4. Petroleum refinery products

Q38. What is India's ranking in FDI Confidence Index, 2018?

1. 4th 2. 11th 3. 17th 4. 21st

Q39. FDI Confidence Index is released annually by _____?

1. Grant Thornton 2. JLL 3. T. Kearney 4. IMF

Q40. Who tops the Foreign Direct Investment (FDI) Confidence Index, 2018?

1. United States 2. Canada 3. Germany 4. United Kingdom

Q41. The term _____ relates to patent, trademarks, copyrights and trade secrets.

- a) Priority right b) Intellectual property right
c) Tariff & Trade Act d) Madrid agreement

Ans. B

42. _____ is also called the International convention for the protection of industrial property.

- a) Paris Union b) National Treatment
c) Industrial Policy Act d) Intellectual property Right

Ans. A.

43. _____ means that if an investor registers a patent in one member country, he can file an application for registration in other member countries within one year from the date of filing return,

- a) Patent cooperation Treaty b) Paris Union
c) Priority Right d) National Treatment

Ans. C

44. The international registration of Trade Marks aims at the international registration is _____

- a) Trade Mark Registration Treat b) Independent of patents
c) Patent Cooperation Treaty d) The Madrid Agreement

Ans. D

45. International Bureau of World Intellectual Property Organization is _____

- a) U.S.A. b) Geneva
c) Switzerland d) Canada

Ans. B

46. E.E.C stands for

- a) European Economics Control b) European Economic Community
c) European Economic center d) European Economic Committee

Ans. B

47. E.E.C. is also known as _____

- a) Economic Common Market b) NFTA
c) IPA d) European Common Market

Ans. D

48. ECM was brought into being _____

- a) 31 Dec. 1957 b) 15 Jan, 1958
c) 1 Jan, 1958 d) 24 March 1957

Ans. C

49. World's largest trading Block is _____

- a) NAFTA b) SAARC
c) CEC d) ECM

Ans. D

50. NAFTA mean _____

- a) North American Free Trade Agreement b) North American Foreign Trade Agreement

c) North Asian Free Trade Agreement d) North Asian Foreign Trade Agreement.

Ans. B

51. _____ was commenced on January 1, 1994

- a) NAFTA b) ECM c) SAARC d) CEC

Ans. A

52. _____ is a bilateral trade agreement between two countries.

- a) Tie in Agreement b) Counter trade
c) MNC d) Gray Market

Ans. B

53. _____ is the process of convincing the various powerful elements of the environment to act in the favor of the Organisations.

- a) Coalescing b) Cooptation
c) Lobbying d) Procurement

Ans. C

54. Two or more organizations may merger their organizations to have better control over the environment as various resources are pooled together is _____

- a) Cooptation b) Lobbying
c) Agreement d) Coalescing

Ans. D

55. _____ was a Multilateral treaty encompassing rules and disciplines for an orderly world trading system.

- a) GATT b) ITO c) ECM d) SAARC

Ans. A

56. _____ means each nation shall be treated as well as the most favored nation.

- a) GATT b) MFN c) FTZ d) TRRM

Ans. B

57. Trade in Textile was restricted by _____

- a) MFN b) GATT c) MFA d) ITO

Ans. C

58. ESCAP stands for _____

- a) Economic and Social Commission for Asia and the Pacific
b) Economic and Social Centre for Asia and the Pacific
c) Economic and Social Commission for the Asia and Privatization
d) Economic and Social Culture for Asia and Public

Ans: A

59. _____ is a method of doing business by which a franchisee is granted the right to offer, sell or distribute goods or service under a system created by the Franchisee.

- a) Agreement b) Dealership
c) Patent d) Franchising

Ans. D

60. _____ means setting a products a company to its affiliated company in host country.

- a) Direct exporting b) Intra corporate transfer
c) indirect exporting d) Exporting

Ans. B

61. BOT means _____

- a) Business Outsourcing Trade b) Balance on Trade
c) Build, operation and Transfer d) Business Outsourcing Transaction

Ans: C

62. FERA was replaced by _____

a) FEMA

Ans. A

b) GATT

c) WTO

d) ITO

63. WTO was setup in _____

a) 1995

Ans. D

b) 1992

c) 1996

d) 1994

64. A company doing international marketing contracts with a foreign producer to manufacture or assemble the products for a sale in the foreign market is _____

a) Management contract

b) Contract Manufacturing

c) Turnkey Contract

d) Licensing

Ans. B

65. _____ are therefore arrangement whereby for a fee, one company provides personnel to perform general specialized management functions for another company.

a) Licensing

b) Franchising

c) Contract Manufacturing

d) Management contract

Ans. D

66. _____ is a contract under which a firm agrees to fully design, construct and equip a manufacturing or business or service facility and turn the project to the purchaser ready for operation for a remuneration.

a) Manufacturing contract

b) Management contract

c) Turnkey contracts

d) Joint venture

Ans. C

67. _____ is part of the parent corporation and simply an extension of domestic operation.

a) Foreign Subsidiary

b) Overseas branch

c) Third country location

d) Assembly operation

Ans. B

68. _____ is a separate company organized under a foreign nations legal code with accountability distinct from the parent company.

a) Foreign subsidiary

b) Oversees branch

c) Assembly operation

d) Fully owned manufacturing

Ans. A

69. _____ is a peculiar form of international trade that encompasses more than an exchange of goods services or idea for money.

a) Turnkey contract

b) Licensing

c) Counter Trade

d) Buy back

Ans. C

70. _____ conference of 1944 suggested institutional arrangements to undertake post war reconstruction of global economy.

a) Uruguay Round Agreement

b) Narasimham Committee

c) Bretton Woods

d) Hilton Young Commission

Ans. C

71. The GATT agreement had been signed by governments known as _____

a) Member countries

b) Trade members

c) MFN

d) Contracting Parties

Ans. D

72. GATT agreements as modified by the _____ agreement

a) WTO

b) ITO

c) Uruguay Round

d) Bretton wood

Ans. C

73. _____ is in fact, policeman of global trade.

a) GATT

b) ITO

c) TRIMS

d) WTO

Ans. D

74. _____ is the Supreme Authority of the WTO

- a) General Council
b) Ministerial conference
c) Council for Trade in Goods
d) Council for TRIPS

Ans. B

75. Council for Trade in Goods, Services and Intellectual property Rights, Council for Trade Related intellectual property Rights are the three council in General council of _____

- a) WTO b) GATT c) TRIMS d) GATS

Ans. A

76. The Secretariat of the WTO is headed by the _____

- a) General Council
b) Ministerial conference
c) Director General
d) Council for TRIPS

Ans. C

77. _____ is a permanent institution with its own Secretariat.

- a) WTO b) GATT c) GAT d) ITO

Ans. A

78. Member's Gold Subscription + Credit extended by the member through the fund to other members _____

- a) Gold Tranche b) Credit Tranches
c) Gold standard Mechanism d) Floating exchange rate

Ans. A

79. In the form of pound sterling and U.S. dollars, these two currencies were known as _____

- a) Reserve currencies
b) Foreign exchange
c) Floating Exchange rate
d) Exchange transaction

Ans. A

80. SDR was approved in _____

- a) 1969 b) 1965 c) 1967 d) 1972

Ans. C

81. _____ is the Supreme governing authority of World Bank.

- a) The president
b) The Executive Directors
c) The Board of Governors
d) Members of the Board

Ans. C

82. _____ becomes the Ex-officio Chairman of World Bank.

- a) The Board of Governors
b) The Executive Directors
c) Other members
d) The President

And. D

83. ADB was setup in _____

- a) 1969 b) 1967 c) 1966 d) 1968

Ans. C

84. The headquarters of ADB is _____

- a) Geneva b) Manila c) U.S.A d) Italy

Ans. B

85. The highest policy making body of the ADB is _____

- a) Board of Governors b) Board of Directors
c) President d) Other members

Ans. A

86. To take decisions of loan application in ADB by

66. To take decisions on loan application in ADB by
- | | |
|-----------------------|-----------------------|
| a) Board of Governors | b) Board of Directors |
| c) The President | d) Other members |

Ans. B

87. The President elected for a term _____ in ADB
 a) 3 Years b) 4 Years c) 5 Years d) 6 Years

Ans. C

88. First WTO Ministerial conference held in _____
 a) Geneva b) Singapore c) Manila d) Dona

Ans. b

89. In WTO _____ is the highest hierarchical level in the organizational structure.
 a) General council b) Committee and Management Bodies
 c) Management Bodies d) Ministerial conference

Ans. D

90. Agreement on Textile and clothing was set out as a transitional process on 01 Jan 1995 for the ultimate removal of quotas by WTO by 01 Jan 2007.

Answer: False

91. The first ever set of multilateral, legally enforceable rules covering international trade in services is the General Agreement on Trade in services (GATS).

Answer: True

92. Trade Related Investment Measures (TRIMS) doesn't apply for
 a) Measures that affect trade in goods.

b) Measures that lead to restrictions on quantities.

c) Discouraging measures that limit a company's imports.

d) Discouraging measures that limit a company's exports.

93. General Agreement on Trade in Services will not be applicable to

a) Services supplied from one country to another – cross border supply

b) Transaction of goods across the border – Export Import

c) Individuals traveling from own country to supply services in another – presence of natural persons.

d) Consumers/firms making use of a service in another country – consumption abroad.

e) Foreign company setting up subsidiary or branches to provide services in another country – commercial presence.

94. As a part of WTO guidelines, Agreement on Agriculture (AOA) doesn't consider

a) Direct payments to farmers are permitted.

b) Indirect assistance and support to farmers including R & D support by govt. are not permitted.

c) Domestic policies which directly effect on production and trade have to be cut back.

d) Least developed countries do not need to make any cuts.

94. WTO is the only international organization dealing with the rules of trade between organizations.

Answer: True

95. The limit of holdings by Individual Foreign Institutional Investors in a Company has been raised from 5 to 10 % of the company's shares, while the aggregate limit has been increased from 24 to 34 %.

Answer: True

96. Quantitative restrictions refer to limit set by countries to curb

a) Imports

b) Exports

c) Imports & exports

d) None of the above

97. A Most Favored nation status doesn't necessarily refer to

a) Same and equal economic treatment

b) Non-discriminatory treatment

c) Same tariff rates applicable

d) **Uniform civil code**

98. The world trade organization was formed in the year _____ with GATT as its basis.

a) 1993

b) 1994

c) **1995**

d) 1996

99. Geocentric staffing policy ensures best qualified people at suitable positions irrespective of their national and cultural differences.

Answer: True

100. Basic objective of women to talk is to establish rapport and relationship while that of men is to maintain status and exhibit skills.

Answer: True

OTHER IMPORTANT MCQS

1. Power distance Index (PDI) of 77 compared to a world average of 56.5 for India indicates

a) **High level of inequality of power and wealth within the society**

b) Low level of inequality of power and wealth within the society

c) High level of Political corruption

d) Low level of Human development Index

2. 2 Specific cultural dimensions that does not have a significant impact on cross-national business interactions is

a) Hofstede's five cultural dimensions

b) Monochromatic vs polychromatic time

c) Communication

d) **Geography**

3. Professional culture refers to

a) Shared belief of top managers about how they should manage themselves and their employees

b) **Shared code of ethics and other commonalities shared by members of a given group**

c) Both (a) and (c)

d) None of the above

4. Theory of Comparative advantage demonstrates that mutually advantageous trade cannot occur when one trading partner has an absolute advantage.

Answer: False

5. Product life cycle theory states that an exporter country of a particular product can become an importer country during the product cycle of a product.

Answer: True

6. An attribute that doesn't contribute to Porter's Diamond model is

a) Government

b) **Organized Trade union**

c) Factor Conditions

d) Demand Conditions

e) Firm strategy, structure and rivalry

7. _____ theory states that, lack of resources often helps countries to become competitive

a) Competitive theory

b) Porter's Diamond Model

c) Theory of Mercantilism

d) **Product life cycle theory**

e) None of the above

8. Theory of Mercantilism propagates

a) Encourage exports and imports

b) **Encourage exports and discourage imports**

c) Discourage exports and imports

d) Discourage exports and encourage imports

9. An international acquisition is a cross-border investment in which a foreign investor acquires an established local firm and makes the acquired local firm a subsidiary business within its global portfolio.

Answer: True

10. Backward vertical FDI occurs when an MNE enters a host country to produce intermediaries that are intended to use as inputs in the host country.

Answer: False

11. Identify a factor that doesn't play an important role in attracting FDI

- a) Laws, rules and regulations
- b) Administrative procedures and efficiency
- c) Cost of resources
- d) Infrastructure related factors
- e) **Language**

12. B2B sector specific policy of Indian Government is

- a) **FDI up to 100% subject to condition that they invest 26 % in favor of Indian Public within 5 yrs**
- b) FDI up to 100%
- c) FDI up to 100% subject to condition that they invest 26 % in favor of Indian Public within 10 yrs
- d) FDI up to 49%

13. The country that attracts the largest FDI inflow is

- a) India
- b) **China**
- c) USA
- d) Brazil

14. The term economies of scale refer to the reductions in cost achieved by producing a large volume of the product.

Answer: True

15. Multi-domestic firms extensive customize both their product offering and marketing strategy to suit domestic home market only.

Answer: False

16. Firm that operates internationally is able to

- a) earn a greater return from their skills and core competencies
- b) realize location economies where they can be performed most efficiently
- c) realize greater experience curve economies, which reduces the cost of production
- d) **All the above**

17. General electric follows _____ as its international operational strategy

- a) Global
- b) International
- c) Multi-domestic
- d) **Transnational**

18. Factor of Interdependence in Multi-domestic strategy is

- a) **Low**
- b) Moderate
- c) High
- d) Very High

19. Contractual agreements as global market entry involve a transfer of trademarks or human skills.

Answer: True

20. When one company acquires another, the one acquired becomes a subsidiary of the acquiring company.

Answer: True

21. In 90's the global management perception was based on

- a) Standardization v/s adaptation
- b) Globalization v/s localization
- c) **Global integration v/s Local Responsiveness**
- d) Local responsiveness

22. Which of the following is an advantage of turnkey projects?

- a) **Can earn a return on knowledge asset**
- b) Will not create a competitor
- c) Tight control of operations
- d) All the above

23. The agreement signed by Ranbaxy Laboratory and Bayer AG of Germany in the year 1999 is an example of

- a) Subsidiary
- b) Joint venture
- c) **Strategic International Alliance**
- d) License agreement

24. The sales contract is to be prepared only on stamp paper.

Answer: False

25. The risk of direct exporting is relatively lower since the investments are also lesser.

Answer: False

26. CISF pricing includes the following

- a) Commission is paid to the agent involved in the transaction
- b) Cost of the goods exported
- c) Freight & Insurance charges for the goods exported
- d) All of the above**

27. When the transaction is of high value, complex in nature and more technical _____ method of the export sales contract is used.

- a) Proforma invoice
- b) Purchase order
- c) Sales contract**
- d) None of the above

28. Which one of the following is a method for an exporter to get a contract

- a) Proforma invoice
- b) Purchase order
- c) Sales contract
- d) All the above**

29. ARE 1 is the form for removal of excisable goods from the factory premises for export purposes

Answer: True

30. Transit credit is the credit which can be opened by small countries whose credits may not be readily acceptable in another country.

Answer: True

31. Credits transferable by original beneficiary in favor of secondary beneficiary are known as

- a) Deferred credits**
- b) Transit credits
- c) Installment credits
- d) Transferable credits

32. When the exporter, expects the importer, to make the payment immediately upon the draft being presented to him is called.

- a) Sight Draft.**
- b) Usance Draft
- c) Demand draft
- d) Pay Note

33. The basic objective of export Promotion Council is to promote and develop the Exports of the

- a) Particular products of country
- b) Only attractive projects of the country
- c) Only services industry products of the country.
- d) Overall exports of the country.**

MOST IMPORTANT MCQs

Question 1:- The theory of Comparative cost advantage is given by

- a) Porter
- b) Adam Smith
- c) Varnoon
- d) D.Richardo**

Question 2:- Trade Related Investment Measures (TRIMS) doesn't apply for

- a) Measures that lead to restrictions in quantities.**
- b) Discouraging measures that limit a company's imports
- c) Discouraging measures that limit a company's exports.
- d) ALL OF THE ABOVE

Question 3:- As a part of WTO guidelines, Agreement on Agriculture (AOA) doesn't consider

- a) Direct payments to farmers are permitted.
- b) Indirect assistance and support to farmers including R & D support by govt. are not permitted**
- c) Domestic policies which directly effect on production and trade have to be cut back.
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Question 4:- A Most Favored nation status doesn't necessarily refers to

- a) Same and Equal Treatment
- b) Non-discriminatory Treatment
- c) Same tariff rates applicable
- d) **Uniform civil code**

Question 5:- Power distance Index (PDI) of 77 compared to a world average of 56.5 for India indicates

- a) **High level of inequality of power and wealth within the society**
- b) Normal Power and Wealth
- c) High level of political corruption
- d) Low level of Human Development Index

Question 6:- Identify a factor that doesn't play an important role in attracting FDI

- a) **Language**
- b) Laws, rules and regulations
- c) Cost of resources
- d) Infrastructure related factors

Question 7:- Factor of Interdependence in Multi-domestic strategy is

- a) **LOW**
- b) MODERATE
- c) HIGH
- d) VERY HIGH

Question 8:- The first phase of globalization started around 1870 and ended with ...

- a) **The World War I**
- b) The World War II
- c) The Establishment of GATT
- d) In 1913 when GDP was high

Question 9:- An attribute that doesn't contribute to Porters Diamond model is

- a) Government
- b) **Organized Trade union**
- c) Factor Conditions
- d) Demand Conditions

Question 10:- Which of these is a characteristic of multinational corporations>

- a) At least one -third directors are foreign nationals
- b) The company does 40% of its business in foreign markets
- c) **The overseas markets are larger than the domestic market**
- d) The affiliates are responsive to a number of important environmental forces

Question 11:- According to this theory the holdings of a country's treasure primarily in the form of gold constituted its wealth.

- a) Gold Theory
- b) Ricardo Theory
- c) **Mercantilism**
- d) H.O. THEORY

Question 12:- The Theory of Absolute Cost Advantage is given by

- a) **Adam smith**
- b) D. Richardo
- c) Raymond Varnoon
- d) Porter

Question 13:- The Theory of Relative Factor Endowments is given by

- a) **Ohilin-Hecksher**
- b) FY Taylor
- c) Richardo
- d) Porter

Question 14:- is application of knowledge which redefine the boundaries of global business

- a) Cultural Values
- b) Society
- c) **Technology**
- d) Economy

Question 15:- Capitalistic, communistic and mixed are the types of

- a) **Economic system**
- b) Political system
- c) Social System
- d) Cultural Attitudes

Question 16:- General Agreement on Trade in Services will not be applicable to

- a) Services supplied from one country to another – cross border supply
- b) **Transaction of goods across the border – Export Import**
- c) Individuals traveling from own country to supply services in another – presence of natural persons.
- d) Consumers/firms making use of a service in another country – consumption abroad

Question 17:- Quantitative restrictions refer to limit set by countries to curb

- a) Imports
c) Imports and Exports
 b) Exports
 d) All of the above

Question 18:- India is an

- a) Emerging economy**
 c) Less developed economy
 b) Developed economy
 d) None of these

Question 19:- The world trade organization was formed in the year _____ with GATT as its basis.

- a) 1992
 b) 1993
c) 1995
 d) 1994

Question 20:- _____ theory states that, lack of resources often helps countries to become competitive

- a) Competitive theory
 c) Theory of Mercantilism
 b) Porters Diamond Model
d) Product life cycle theory

Question 21:- Theory of Mercantilism propagates

- a) Encourage imports and exports
 c) Discourage imports
b) Encourage exports and discourage imports
 d) None of these

Question 22:- The country that attract the largest FDI inflow is

- a) USA
 b) INDIA
c) CHINA
 d) BRAZIL

Question 23:- General electric follows _____ as its international operational strategy

- a) GLOBAL
 c) INTERNATIONAL
b) TRANSNATIONAL
 d) MULTI-DOMESTIC

Question 24:- Typically the last step in the internationalization process is:

- a) Licensing
 c) Wholly owned subsidiaries
 b) Exporting
d) Foreign Direct Investment

Question 25:- Which of the following is an advantage of turnkey projects?

- a) Can earn a return on knowledge asset**
 c) Tight control of operations
 b) Will not create a competitor
 d) All the above

Question 26:- Which of these is/are the characteristic of a licensing agreement

- a) The licensor might provide access to some of its patents or trademarks
 b) The licensor might provide access to technology
 c) It might be used to avoid the risks of foreign involvement
d) All of the above

Question 27:- IBRD (International Bank for Reconstruction and Development) also known as

- a) EXIM Bank
 c) IMF
b) World Bank
 d) International Financial Bank

Question 28:- Ultimately was replaced by the on 1st Jan 1995

- a) GATT/WTO**
 c) WTO/WORLD BANK
 b) GATS/IMF
 d) WORLD BANK/WIPO

Question 29:- Which is the right sequence of a stages of Internationalization

- a) Domestic, Transnational, Global, International, Multinational
b) Domestic, International, Multinational, Global, Transnational
 c) Domestic, Multinational, International, Transnational, Global
 d) Domestic, International, Transnational, Multinational, Global

Question 30:- Subsidiaries consider regional environment for policy / Strategy formulation is known as

- a) Polycentric Approach
 c) Ethnocentric Approach
b) Regiocentric Approach
 d) Geocentric Approach

EXPECTED MCQs**INTERNATIONAL BUSINESS**

1.. The Bretton wood twins consist s of IMF and -----

- a) World Bank (b) ADB (c) IDBI (d) ICICI

Ans : a

2. IMF commenced its operation in the year

- a) 1948 (b) 1950 (c) 1947 (d) 1952

Ans : c

3. The number of institutions included in the World Bank Group is

- (a) 5 (b) 4 (c) 9 (d) 7

Ans : a

4. Business is becoming more global because –

- a) transportation is quicker,
b) communication enable control from a far,
c) transportation and communications costs are more conducive for international operations,
d) all of these.

Ans : d

5. Accounting is a function of International business –

- a) true, (b) false, (c) can't say, (d) partial

Ans : a

6. ----- was the International reserve created by IMF to solve the problem of international liquidity

- (a) SDR (b) APR (c) SDC (d) None of these

Ans : a

7. How many currencies are linked with SDR?

- (a) 9 (b) 7 (c) 6 (d) 5

Ans : d

8. IBRD (International Bank for Reconstruction and Development) also known as –

- a) Exim Bank, (b) World Bank,
c) International Monetary Fund, (d) International Bank

Ans : b

9. Ultimately _____ was replaced by the _____ on 1st Jan 1995

- a) GATS, WTO; (b) WTO, GATT; (c) GATT, WTO; (d) IMF, GATT

Ans : c

10. The theory of Absolute Cost Advantage is given by –

- a) David Ricardo, (b) Adam Smith, (c) F. W. Taylor, (d) Ohlin & Heckscher

Ans : b

11. The theory of Relative Factor Endowments is given by –

- a) David Ricardo, (b) Adam Smith, (c) F. W. Taussig, (d) Ohlin & Heckscher

Ans : d

12. The theory of Comparative cost advantage is given by –

- a) David Ricardo, (b) Adam Smith, (c) F. W. Taussig, (d) Ohlin & Heckscher

Ans : a

13. Comparative Cost Trade theory is given by –

- a) Adam Smith, b) David Ricardo, c) Gottfried Haberler, d) Heckscher Ohlin.

Ans : b

14. _____ is the payment method most often used in International Trade which offers the exporter best assurance of being paid for the products sold internationally.

- a) Bill of Lading, b) Letter of Credit, c) Open Account, d) Drafts.

Ans : b

15. _____ is only a legal agreement and it is not an institution, but _____ is a permanent institution.

- a) GATT, WTO; b) WTO, GATT; c) WTO, IMF; d) IMF, GATT.

Ans : a

16. The WTO was established to implement the final act of Uruguay Round agreement of –

- a) MFA, b) GATT, c) TRIP's, d) UNO.

Ans : b

17. WTO stands for –

- a) World Technology Association, b) World Time Organization,
c) World Trade Organization, d) World Tourism Organization.

Ans : c

18. NAFTA stands for –

- a) North African Trade Association, b) North American Free Trade Agreement,
c) Northern Atlantic Trade Agreement, d) Northern Association for Trade.

Ans : b

19. World Trade Organization provides –

- a) rule based multilateral trading system, b) equity and social justice to the people,
c) rule based regional trading system, d) all of the above.

Ans : a

20. Sick enterprise is referred to

- a) CII, b) RBI, c) SIDBI, d) BIFR.

Ans : d

21. Foreign exchange reserve includes –

- a) gold stock, b) iron, c) fruit, d) all of the above.

Ans : a

22. The balance of payment is an system.

- a) accounting, b) social, c) environmental, d) tourist.

Ans : a

23. Which section is not of balance of payment?

- a) current account, b) capital account,
c) official reserve account, d) loss account.

Ans : d

24. Which is not part of the current account?

- a) merchandise exports, b) merchandise imports,
c) capital accounts, d) all of the above.

Ans : c

25. Official reserves are composed of gold, SDRs, andexchange.
a) convertible foreign, b) non-convertible foreign,
c) semi-convertible foreign, d) all of these.

Ans : a

26. Which of the following is not the items of capital account?
a) external assistance, b) disbursements,
c) NRI deposits, d) official transfers.

Ans : d

27. Which conference gives the birth to the 'International Monetary Fund'?
a) Bretton-woods, b) Congress,
c) LIBOR, d) TIDA.

Ans: a

28. Which of the following is the objective of IMF?
a) encouragement to international monetary co-operation,
b) encouragement to international trade,
c) stability of exchange rate,
d) all of these.

Ans.

28. Which country can take the membership of IMF?
a) a developed country, b) a developing country,
c) only India, d) any country who follow the rule of IMF.

Ans : d

29. The term multinational corporation is also commonly used in the international arena and often is a synonym for –
a) the multinational enterprise, b) the multinational corporation,
c) the transnational company, d) none of these.

Ans : a

30. A direct investment is one that gives the investor a controlling interest in a company –
a) foreign company, b) domestic company,
c) multinational company, d) none of these.

Ans : a

32. 'Open Market Operation' is a part of –
a) Income policy, b) Fiscal policy,
c) Credit policy, d) WTO.

Ans: c

33. Which of the following is not Export Development Centres –
a) Agra – Leather Shoes, b) Meerut – Sport goods,
c) Khurja – Clay Pots, d) Jaipur – Gold.

Ans : d

34. First Export Promotion Zone (EPZ) in private sector was established at –
a) Kandla, b) Vishakhapatnam,
c) Noida, d) Surat.

Ans : d

35. Asian Development Fund was created by –

- a) Asian Development Bank,
c) IMF,

- b) World Bank,
d) SAARC.

Ans : a

36. Which of the following is not part of World Bank Group?

- a) IBRD, b) IFC, c) IDA, d) ADB.

Ans : d

37. The balance of payment depends on the which principle of accounting?

- a) double entry accounting, b) single entry accounting,
c) zero entry accounting, d) none of the above.

Ans : a

38. The balance of payment is a funds statement (source and uses) that reflects changes in assets, liabilities and net worth during a period.

- a) financial, b) marketing,
c) given, d) specified.

Ans : d

39. The three section of BOP are –

- a) Current Account, b) Capital Account,
c) Official Reserve Account, d) all of these.

Ans : d

40. Government transfers include –

- a) money, b) goods,
c) services as aids to other countries, d) all of these.

Ans : d

41. "Disequilibrium in the balance of payments reveals a maladjustment in country's economy" - is this statement true?

- a) Yes, b) No, c) Can't say, d) Sometimes.

Ans : a

42. Which of the following is not types of disequilibrium in the balance of payment?

- a) Cyclical disequilibrium, b) Transactional disequilibrium,
c) Secular disequilibrium, d) Structural disequilibrium.

Ans : b

43. Cable rate, known as

- a) Spot rate, b) Token rate, c) Foreign rate, d) Interest rate.

Ans : a

44. The spot rate of exchange is quoted for the immediate delivery of –

- a) foreign exchange, b) foreign treasury,
c) foreign transaction, d) none of these.

Ans : a

45. Premium implies that the foreign currency is expensive and has an high price than the –

- a) spot rate, b) forward rate,
c) 'a' and 'b' both, d) none of these.

Ans : a

46. The market rate of exchange is a short term rate of exchange that prevails in the –

- a) market, b) trade, c) goods, d) all of these.

Ans : a

47. A change in exchange rate thus, brings about changes in the –

- a) balance of trade,
b) exchange rate,
c) export industries,
d) all of these.

Ans : a

48. When the gold standard was in fashion, the exchange rate was determined by the respective gold equivalents of the currencies involved on the Parity.

- a) mind parity,
b) gold parity,
c) purchasing power parity theory,
d) none of these.

Ans : a

49.Which of the following objects is not objects of IMF?

- a) long term capital investment, b) short term assistance,
c) restrictions on business boundaries, d) issue of notes.

Ans : d

50. Who may be Governor of IMF?

- a) Governor of Central Bank of a particular country, b) President of a particular country,
c) Prime Minister of a particular country, d) None of these.

Ans : a

MOST IMPORTANT MCQs

1. The acronym SWIFT stands for -

- A. Safety Width in Financial Transactions
B. Society for Worldwide International Financial Telecommunication
C. Society for Worldwide Interbank Financial Telecommunication
D. Swift Worldwide Information for Financial Transactions

ANSWER: C

2. Indirect rate in foreign exchange means -

- A. the rate quoted with the units of home currency kept fixed
B. the rate quoted with units of foreign currency kept fixed
C. the rate quoted in terms of a third currency
D. none of the above

ANSWER: A

3. Indirect rate of exchange is quoted in India for -

- A. sale of foreign travellers cheques
B. sale of rupee travellers cheques
C. purchase of personal cheques
D. none of the above

ANSWER: D

4. In direct quotation, the unit kept constant is -

- A. the local currency
B. the foreign currency
C. the subsidiary currency
D. none of the above.

ANSWER: B

5. The maxim 'buy low; sell high' is applicable for -

- A. quotation of pound-sterling
B. indirect rates
C. direct rates
D. US dollars

ANSWER: C

6. In foreign exchange markets, 'American Quotation' refers to

- A. quotation by a US based bank
- B. quotation in New York foreign exchange market
- C. quotation in which the value of foreign currency is expressed per US dollar.
- D. quotation in which the value of US dollar is expressed per unit of foreign currency

ANSWER: D

7. Forward margin is

- A. the profit on forward contract
- B. commission payable to exchange brokers.
- C. difference between the spot rate and forward rate
- D. none of the above

ANSWER: C

8. The transaction where the exchange of currencies takes place on the same date is known as

- A. tom
- B. ready transaction
- C. spot transactions
- D. value tomorrow

ANSWER: B

9. A transaction in which the currencies to be exchanged the next day of the transaction is known as

- A. ready transaction
- B. value today
- C. spot transactions
- D. Value tomorrow

ANSWER: D

10. The transaction in which the exchange of currencies takes place at a specified future date, subsequent to the spot date is known as a

- A. swap transaction
- B. forward transaction
- C. future transaction
- D. non-deliverable forwards

ANSWER: B

11. One month forward contract entered into on 22nd March will fall due on

- A. 21th April
- B. 22nd April
- C. 23rd April
- D. 24th April

ANSWER: D

12. The buying rate is also known as the

- A. bid rate
- B. offer rate
- C. spread
- D. swap

ANSWER: A

13. The selling rate is also known as

- A. bid rate
- B. offer rate
- C. spread
- D. swap

ANSWER: B

14. Check which is not an agency of U.N?

- A: International Committee of Red Cross
- B: FAO
- C: IMF
- D: ILO

15. Where the Headquarter of UNHCR is located?

- A: Washington
- B: Fila del Fila
- C: Geneva
- D: Hong kong

16. An Indian who become president of International Court of Justice is –

- A: Dr. Nagendra Singh
- B: Justice R.N Thakur
- C: Justice P.L Bhagawati
- D: Justice H.R Reddy

OTHER MCQs

1. UNCTAD stands for
 - a. United nations committee on tariff and development
 - b. United nations conference on trade and deficit
 - c. United nations conference on trade and development
 - d. Union of nations cause for trade and development

Answer: c

2. Which one is called Bretton-wood Twin's
 - a. IBRD & IDA
 - b. IMF & IFL
 - c. IMF & IBRD
 - d. IDA & IFL

Answer: C

3. Which one is the source of external finance?
 - a. WTO funds
 - b. World bank group
 - c. export credit
 - d. foreign direct investment

Answer: a

4. Which among the following are important bodies of WTO
 - i. Dispute settlement body
 - ii. NAFTA
 - iii. Trade policy review body
 - iv. Council for trade in goods
 - v. Council for trade related aspects of intellectual property rights
 - vi. GATT
 An appropriate combination is
 - a. I, ii, iii, iv
 - b. ii, iii, iv, v
 - c. I, iii, v, vii
 - d. iv, v, vi, vii

Answer: c

5. International liquidity comprise which four of the following
 - i. Gold held by central bank
 - ii. Gold held by families
 - iii. Updated flawless software's
 - iv. Stringent legal frame-work
 Codes:
 - a. I & ii
 - b. I, ii & iii
 - c. ii, iii & iv
 - d. I, ii, iii & iv

Answer: c

6. On the basis of the size and composition of external debt, world bank has classified India as
 - a. Heavily indebted country
 - b. Moderate indebted country
 - c. Less indebted country
 - d. Severely indebted country

Answer: b

7. De-coupling denotes
 - a. Indian market may be cut off from global markets so that it may be affected by global volatility.
 - b. Separating the birds affected by bird flu.
 - c. That markets are independent
 - d. None of the above

Answer: a

8. Which of the country's banking have been brought under 'sanctions by USA, recently?
 - a. North Korea
 - b. China
 - c. Iran
 - d. Russia

Answer: c

9. The balance of payments account is conventionally divided into
 - a. Current account and capital account

- b. Visible account and invisible account
- c. Long-term capital account and short term capital account.
- d. None of the above

Answer: a

10. What is Euro-III?

- a. European currency
- b. Group of European countries
- c. European film festival
- d. BREXIT

Answer: b

11. The comparative cost theory of international trade was developed by

- a. David Ricards
- b. Haberlar
- c. Adam Smith
- d. Alfred Marshall

Answer: a

12. Which institution is known as the 'soft loan window' of world bank?

- a. IMF
- b. IFC
- c. IDA
- d. None of these

Answer: c

13. 'happiness index or 'happy planet index' has been evolved jointly by the 'new economic foundation' and 'friends of earth', both are located in

- a. UK
- b. USA
- c. Australia
- d. France

Answer: a

14. The amount of gold, reserve currencies and special drawing rights available for the finance of international trade is known as

- a. International liquidity
- b. Special drawing rights
- c. Global depository receipt
- d. American depository receipt

Answer: a

15. In balance of payment accounts, all goods exported and imported are recorded in

- a. Capital account
- b. Visible account
- c. invisible account
- d. Merchandise accounts

Answer: b

16. Foreign exchange and foreign currencies in India are governed by

- a. RBI
- b. FEMA act
- c. Banking regulation act
- d. SEBI

Answer: b

17. The balance of payments of a country on current account is equal to

- a. Balance of trade plus short term
- b. Balance of trade plus net invisible exports
- c. Balance of payment minus capital flows
- d. Balance of invisible trade plus imports

Answer: b

18. Interest payments on loans borrowed abroad are recorded in

- a. Capital account
- b. Current accounts
- c. errors and omission section
- d. official reserve account

Answer: b

19. The main objective of international monetary fund is

- a. Promote international trade
- b. Help economically backward countries
- c. Maintain stable exchange rates
- d. Promote international liquidity

Answer: b

20. Which of the following theories says that 'to export was good and to be encouraged but to import was bad and to be discouraged'?

- a. Comparative cost theory
- b. The theory of absolute advantage
- c. Factor endowment theory
- d. Mercantilist theory

Answer: c

21. NAFTA is an example of

- a. Common market
- b. Customers union
- c. economic community
- d. free trade area

Answer: d

22. Statements:

- i. No gain from trade is shared between countries in accordance with their relative strength demand.
- ii. The terms of trade are against the primary producer unless it has a monopoly or the product has on inelastic demand abroad.

Codes:

- a. Both are correct
- b. Both are incorrect
- c. I is correct ii incorrect
- d. I is incorrect ii correct

Answer: d

23. When custom duty is levied according to weight of goods it is known as

- a. Excise duty
- b. Ad-valorem duty
- c. revenue duty
- d. specific duty

Answer: d

24. If a country has deficit in balance of current account balance of capital account will be

- a. Zero
- b. Surplus
- c. deficit
- d. none of the above

Answer: b

25. The gains from two nations depends on

- a. Domestic barter rates
- b. Different in the domestic barter rates of the two countries
- c. Terms of trade
- d. Degree of absolute advantage

Answer: c

26. The double taxation avoidance convention (DTAC) part was signed between

- a. India and china
- b. India Serbia and Montenegro
- c. India and USA
- d. India and Iran

Answer: b

27. International trade theory was the contribution of

- a. Bertie Ohlin
- b. Arthur okum
- c. adam Smith
- d. none of these

Answer: a

28. Which of the following is not matched against its name?

- a. ASEAN: Economic co-operation amongst all ASIAN countries
- b. IMF: to remove unfavorable balance of payment and to provide financial assistance
- c. WTO: Does not allow quantitative restrictions on trade
- d. SAARC: encourage trade between south Asian countries

Answer: a

29. The trade theory of absolute advantage was developed by
 a. Haberler b. David Ricardo c. Adam Smith d. Alfred Marshall

Answer: c

30. Physical delivery of foreign exchange has to take place in case of
 a. Forward market c. future market
 b. Spot market d. options market

Answer: b

31. A letter of credits means
 a. A bank agreeing to accept and pay on due date
 b. A letter containing conditions of credit purchase or sale.
 c. A letter sent by exporter to importer sanctioning credit deal.
 d. A letter sent by importer to exporter sanctioning credit deal.

Answer: a

32. Which of the following is a document of the title of sale of goods
 a. Certificate of origin c. bill of lading
 b. Letter of credit d. bill of credit

Answer: c

33. Which of the following is not the objective of IMF?
 a. To promote international monetary co-operations
 b. To ensure balanced international trade
 c. To finance productive efforts according to peace time requirements
 d. To ensure exchange rate stability

Answer: c

34. EPCG denotes
 a. Export potential and credit guarantee
 b. Earning promotion and credit guarantee
 c. Export promotion and credit guarantee
 d. Export potential and credit goods

Answer: c

35. Which of the following matches correspondence to the members and observer countries of the SAARC

- a. India, Pakistan, Bangladesh, Bhutan, Nepal, Sri Lanka, Afghanistan, Maldives
 b. Iran, China, Japan, USA, South Korea, European Union
 c. Pakistan, Nepal, India, Bangladesh, Iran
 d. UK, USA, South Korea, South Africa

Code:

- a. C & d b. b & d c. a & b d. b & c

Answer: c

36. Which one is not an international organization?

- a. SAARC b. ASEM c. ASEAN d. CBOT

Answer: d

37. BRICS includes
 a. Bhutan, Romania, Indonesia, Chile and South Korea
 b. Brazil, Russia, Indonesia, Chile and Sudan

- c. Brazil, Russia, India, china and south Africa
- d. Britain, Russia, India, Chile and south Africa

Answer: c

38. Out of the following, one is not related with WTO?

- a. TRIPS
- b. Ministerial conference
- c. TRIMS
- d. TRAI

Answer: d

39. Which one is not the form of FDI

- a. Purchase of existing assets in foreign currency
- b. New investment in property, plant and equipment
- c. Making investment in the mutual funds
- d. Transfer of many type of asset

Answer: a

40. Which one of the following is not the advantage of MNCs to the host country

- a. Increase in social activities
- b. Increase in economic activities
- c. Utilization of natural resources
- d. R & D efforts enhanced

Answer: a

41. India is suffered from deficit balance both in trade and balance and not invisibles, hence took up a number of steps to manage the problem.

Which one is not appropriate for this?

- a. Export control
- b. Current account convertibility
- c. Liberalized export policy
- d. Unified exchange rate

Answer: a

42. The companies globalize their operations through different means

- a. Export directly
- b. Licensing or franchising
- c. join venture
- d. all of the above

Answer: d

43. The components of WTO are

- a. Ministerial conference
- b. Disputes settlement body
- c. director general
- d. all of the above

Answer: d

44. India is not associated with

- a. SAARC
- b. NAFTA
- c. BRICS
- d. G20

Answer: b

45. Which one of the following is true statement

- a. A balance of trade deals with export and import of invisible items only.
- b. A balance of payment deals with both visible and invisible items.
- c. The current account is not a component of balance of payment
- d. All of the above

Answer: b

46. SDR's are popularly known as

- a. Currency notes
- b. Paper gold
- c. silver coin
- d. gold coin

Answer: b

47. Balance of payment can be made favorable if

- a. Exports are increased b. Imports are increased
c. Devaluation of money d. A and C

Answer: d

48. OPEC stand for
- a. Organization of the petroleum exporting countries
 - b. Organization of the petroleum & electron countries
 - c. Both a & b
 - d. None of these

Answer: a

49. Which type of elasticity plays a crucial role in determining international trade
- | | |
|--------------------------------|-------------------------------|
| a. Electricity of demand | b. Price elasticity of demand |
| c. Income elasticity of demand | d. Cross elasticity of demand |

Answer: b

50. Suppose a Canadian firm imports bananas of \$ 1000 and sells them for \$ 2000 the effect on GDP would be
- a. The GDP will decrease by \$ 3000 b. The GDP will increase by \$ 3000
- c. The GDP will increase by \$ 2000 d. The GDP will increase by \$ 1000

Answer: d

51. Which of the following is the best example of agreement between oligopolists?
- a. GATT b. OPEC c. WTO d. UNIDO

Answer: d

52. Factor endowment theory of international trade was propounded by
- | | |
|------------------|---------------------|
| a. David Ricardo | b. Bertil-Ohlin |
| b. J.S Mill | d. C.P Kindleberges |

Answer: b

53. What are the characteristics of the loans provided by the international development association (IDA) to member countries?
- a. They are on liberal terms with regard to the rate of interest
 - b. They are on liberal terms with regard to the period of repayment
 - c. They can be repaid in the currency of the member country
 - d. All of the above

Answer: d

54. Which of the following is the criteria for approving an IDA credit?
- | | |
|---------------------|---------------------|
| a. Poverty test | c. project test |
| b. Performance test | d. all of the above |

Answer: d

55. Match List-I with List-II and select the correct answer using the codes given below the lists:
- | List-I | List-II |
|--|-----------|
| a. International finance corporation | i. 1956 |
| b. Asian development bank | ii. 1966 |
| c. International development association | iii. 1960 |

Codes:

- | | | | |
|----|-----|-----|-----|
| | A | b | c |
| a. | iii | I | ii |
| b. | I | iii | ii |
| c. | I | ii | iii |

d. li iii i

Answer: a

56. Consider the following

- | | |
|-------------------|---|
| i. Tariff binding | ii. Tariffication |
| iii. Tariff cuts | iv. Reduction in subsidies and domestic support |

Which of the above are aspects of the Uruguay Round Agreement on agriculture?

- a. I, ii, and iii b. ii, iii, iv c. I, iii and iv d. I, ii, iii, iv

Answer: d

57. The Uruguay Round Agreement deal with subsidies which are

- | | |
|-----------------------------|-------------------------|
| a. Prohibited subsidies | b. Actionable subsidies |
| c. Non-actionable subsidies | d. All of the above |

Answer: d

58. The SEBI act 1992, came into force on

- | | |
|----------------------|----------------------|
| a. 12th april 1988 | c. 1st april 1992 |
| b. 30th January 1992 | d. 25th January 1995 |

Answer: d

59. Which of the following is not an objective of SEBI?

- To protect the interests of investors in securities
- To protect the interest of investors in fixed deposits with banks
- To regulate the securities market.
- To develop a code of conduct for brokers etc.

Answer: b

60. Consider the following statements:

- SEBI is managed by 6 members.
- SEBI was initially constituted on 12- 4- 1988.
- In India, all statutory powers for regulating Indian capital market are rested with SEBI.

Which of the above statements are true.

- | | |
|---------------|------------|
| a. 1, 2 and 3 | c. 1 and 2 |
| b. Only 3 | d. only 2 |

Answer: a

61. Which of the following statements is not true?

- According to the SEBI, Indian companies are now free to determine their share prices and premium on those shares.
- SEBI cannot encourage the self-regulatory Organisations.
- The IDBI is one of the promoters of SEBI.
- The head office of SEBI is situated at Mumbai.

Answer: b

62. According to the section 15HA of SEBI act, 1992, if any person indulges in fraudulent and unfair trade practices relating to securities he shall be leviable to a penalty of

- | | |
|------------------------|-------------------------|
| a. Minimum Rs 5 crores | b. Minimum Rs 20 crores |
| c. Minimum Rs 25 crore | d. Minimum Rs 30 crore |

Answer: c

63. Section 11C of SEBI act, 1992 is related with

- To seize the recors of a stock broker
- To protect the interests of an investor.
- To promote the capital market of India,
- To protect the interests of central government.

Answer: a

64. Charu aggrieved by an order of SEBI, his or her appeal shall be filed within a period.
- a. 70 days. B. 45 days c. 20 days d. 07 days.

Answer: b

65. According to the section 15Z of the SEBI act 1992, of any person aggrieved by the decision or order of the 'securities appellate tribunal, he may file an appeal to the
- a. RBI c. supreme court
b. SEBI d. any of the above

Answer: c

66. Consider the following statements:
1. Section 15F of SEBI act 1992, provides for penalty for default in case of stock brokers.
 2. Any collection of charges by way of brokerage in excess of the brokerage as specified in the regulation, come within the purview of the SEBI Act 1992.
 3. Section 15 G of SEBI act, 1992 provides the provisions regarding with penalty for insider trading
- Which of the above statement is correct
- a. Only 3 b. Only 1 c. 1, 2 and 3 d. Only 2

Answer: c

POINTS TO REMEMBER

IMF (INTERNATIONAL MONETARY FUND)

- ❖ IMF was established with IBRD (INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT) also known as WORLD BANK at the conference of 44 Nations Held At Bretton Woods New Hemisphere USA July 1944.
- ❖ IMF came into force on 27th December 1945.
- ❖ Member countries is 188 last south Sudan has joined it.
- ❖ India is a founder member of IMF.
- ❖ Headquarter is at Washington DC.

IBRD (INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT) OR WORLD BANK

- ❖ IBRD and its associates institutions as a group are known as World Bank.
- ❖ In 1945 it was realized to concentrate on reconstructing the war affected economies
- ❖ IBRD was established on 5th December 1945 with IMF on the basis of the recommendations of the Bretton Wood Conference. That is the reason why IMF & IBRD are called Bretton wood twins.
- ❖ IBRD started functioning in June 1946.
- ❖ World Bank and IMF are complementary institutions.
- ❖ Aims to reduce poverty in middle Income & credit worthy poorer countries by promoting sustainable development.

The World Bank group today consist of five closely associated institutions propitiating the role of development in the member nations in different areas. These five are:-

- 📌 IBRD (International Bank for Reconstructions and Development).
- 📌 IDA (International Development Association).
- 📌 IFC (International Finance Corporations).
- 📌 MIGA (Multilateral Investment Guarantee Agency).
- 📌 ICSID (International Center for Settlement of Investment Disputes).

ADB (ASIAN DEVELOPMENT BANK)

- ❖ It was established in Dec 1966 on the recommendations of ECAFE (European Commission For Asia & Far East).
- ❖ Aim of this bank is to accelerate economic & social development in Asia & pacific region.
- ❖ Started its functions on 1st Jan 1967 Headquarter is at Manila Philippines.
- ❖ Georgia is the 67th and newest member having joined ADB effective feb2, 2007.
- ❖ Asian development Bank constituted Asian development fund in 1974 which provides loans to Asian countries on concessional interests rate.
- ❖ OCR- ordinary capital resources.
- ❖ ADB aid to India for Infrastructure, solar power development through PPP (Public private partnership).
- ❖ ADB is a multilateral development financial institutions.

IFC (INTERNATIONAL FINANCIAL CORPORATIONS)

- ❖ It was established in July 1956.
- ❖ **Main objectives were:-** 1) To provide loan to private sector without any government guarantee 2) To co-ordinate capital & management 3) To induce capitalist countries to invest in developing countries.

MIGA (MULTILATERAL INVESTMENT GUARANTEE AGENCY)

- ❖ It was established on 1st April 1988
- ❖ Its mission is to promote FDI (foreign direct investment) in to developing countries to help support economic growth, reduce poverty and improve people lives.

ICSID (INTERNATIONAL CENTER FOR SETTLEMENT OF INVESTMENT DISPUTES)

- ❖ It was established on 18th March 1965
- ❖ Came into force on 14th Oct 1966
- ❖ The primary purpose is to provide facilities for conciliation & arbitration of international Investment disputes
- ❖ ICSID is considered to be the leading international arbitration institution devoted to investor state dispute settlement

SAARC (SOUTH EAST ASIAN ASSOCIATION OF REGIONAL CO-OPERATION)

- ❖ India , Maldives, Pakistan, Bangladesh, Sri-lanka, Bhutan, Nepal and Afghanistan constituted an organization known as SAARC
- ❖ On the recommendations of Dhaka conference on 7th /8th Dec 1985.
- ❖ Headquarter has been established at Kathmandu, Nepal.
- ❖ Idea of SAARC mooted in 1979 by Zia-Ur-Rahman the then president of Bangladesh.

ASEAN (ASSOCIATION OF SOUTH EAST ASIAN NATIONS)

- ❖ Indonesia, Philippines, Malaysia, Singapore and Thailand constituted this association on 8th August 1967.
- ❖ The object of ASEAN is to promote economic co-operation in South East Asia & also to ensure economic stability in the region.
- ❖ Headquarter is at Jakarta.
- ❖ 10 member countries.
- ❖ ASEAN summit motto- one vision, one identity, one community.
- ❖ 13th summit of ASEAN 2007 theme One ASEAN at the heart of the dynamic Asia.
- ❖ 23rd July 1996 ASEAN gave advisory status to India.
- ❖ Sign blueprint for the proposed ASEAN economic community that will take effect in 2015.
- ❖ ASEAN recent summit- 25th summit at Nay Pyi Taw Myanmar Nov 2014, 24th summit at Nay Pyi Taw Myanmar May 2014, 23rd summit at Brunei Oct 2013, 22nd summit at Brunei April 2013, 21st summit Phnom Penh Cambodia Nov 2012, 20th summit at Phnom Penh Cambodia April 2012.
- ❖ 1st summit at Bali , Indonesia Feb 1976.

NAFTA (NORTH AMERICA FREE TRADE AREA)

- ❖ On 12th August 1992 a trilateral agreement between USA, Canada, Mexico took place which declared North American region as Free trade Area.
- ❖ It came in to force on 1st Jan 1994.
- ❖ It was constituted to meet the challenges of EEC (European Economic Community) and Japanese economic policies.
- ❖ Rule of origin was developed, which implied that the economic resources of the countries in the political region should be utilized for economic development of people belonging to that country only.
- ❖ NAFTA is a free trade area among the United States of America, Canada & Mexico.
- ❖ This is the largest and most important trading bloc of the world.
- ❖ In 1989 NAFTA agreement between Canada & USA.
- ❖ NAAEC- North America agreements on environment co-operation.
- ❖ NAALC- North America agreements on labor co-operation.

SAFTA (SOUTH ASIAN FREE TRADE AGREEMENT)

- ❖ 12TH summit of SAARC Islamabad 2004 gave rise to SAFTA
- ❖ It came into force 1st Jan 2006 replacing SAPTA (South Asian Preferential Trade Agreement) which was operative among SAARC countries in 7th summit Dhaka 1993 , operative since Dec 1995.
- ❖ SAFTA Presupposes abolition of all kinds of trade & tariffs restrictions.

EFTA (EUROPEAN FREE TRADE AGREEMENT)

- ❖ It was established at Stockholm on 3rd may 1960.
- ❖ It was established with a view to curtails custom duties & other tariffs among member countries.
- ❖ Headquarter is at Geneva.

IDA (INTERNATIONAL DEVELOPMENT ASSOCIATION)

- ❖ IDA is an associate institution of World Bank known as soft loan window of World Bank.
- ❖ It was established on 24th Sep 1960.
- ❖ IDA provides loan to the member countries and no interest is charged on these long term loans.
- ❖ These soft loans are provided to the poor countries of the world.

IFAD (INTERNATIONAL FUNDS FOR AGRICULTURE DEVELOPMENT)

- ❖ Established in 1977.
- ❖ India is a member country.

URUGUAY ROUND & DUNKEL PROPOSAL

- ❖ The 8th round of GATT Popularly known as Uruguay round.
- ❖ Established in 1986.

GATT (GENERAL AGREEMENT ON TRADE & TARIFFS).

- ❖ 8th round of GATT known as Uruguay round which gave birth to World Trade Organization.
- ❖ On 30th Oct 1947, 23 countries at Geneva signed an agreement related to tariffs imposed on trade. This agreement is known as General Agreement on trade & tariffs.
- ❖ Came in to force on 1st Jan 1948.
- ❖ Headquarter is at Geneva.
- ❖ On 12th Dec 1995, GATT was abolished and replaced by World Trade Organization which came into existence on 1st Jan 1995.

- ❖ Objectives- To provide equal opportunities to all countries in international market for trading purpose without any favor.
- ❖ GATT also introduced MFN (Most Favored Nations Clause) according to which every members country was considered as MFN country.

UNCTAD- UNITED NATIONS CONFERENCE ON TRADE & DEVELOPMENT

- ❖ Established on 1964.
- ❖ Headquarter is at Geneva.
- ❖ Allec Irwin present chairman.
- ❖ UNCTAD has its session after every 4 years.
- ❖ To look after all trade and development

BRICS- BRAZIL RUSSIA INDIA CHINA AND SOUTH AFRICA

- ❖ With a view to strengthen banking c-operation
- ❖ 16th May 2008 established.
- ❖ 6th BRICS Summit was held at Fortaleza Brazil 2014, it marked it first full BRICS summit. Inauguration of New Development Bank and KV KAMNATH going to be a chairman of it will be opened at Shanghai.
- ❖ 7th BRICS summit will be going to host in July 2015 in Russia

INTERNATIONAL LIQUIDITY

- ❖ It is also known as international reserve
- ❖ **It includes-** 1) Bullion 2) International borrowings 3) Commercial credit operations 4) Hard currencies 5) Foreign securities 6) SDRs 7) Gold 8) Foreign exchange surplus 9) Private holdings 10) Borrowed funds

THERORIES OF TRADE

1) Mercantilism- one of the oldest trade theories. This theory stated that a country's wealth was determined by the amount of its gold & silver holdings. Mercantilist believed that a country should increase its holdings of gold& silver by promoting exports & discouraging imports.

2) Absolute Advantage Theory-

- ❖ 1776 by Adam smith
- ❖ Wealth of nation's
- ❖ Absolute advantage is there where country produces goods with less labour cost.
- ❖ It focused on the ability of a country to produce a good more efficiently than another nation
- ❖ He stated that trade should flow naturally according to market forces
- ❖ If A country could produce a good cheap or faster/ or both than country B, then country A had the advantage and could focus on specializing on producing that good.

3) Comparative Advantage theory-

- ❖ 1817 by David Ricardo.
- ❖ A person or country will specialize in doing what they do relatively better He talked about opportunity cost i.e. the next best forgone cost.
- ❖ A country has comparative advantage in producing a good if the opportunity cost of producing that goods is lower at home than in the other country
- ❖ Ricardo has uses the main differences with Adam smith is in technological difference.

4) Hechscher Ohlin theorem/ two factor/ factor proportion theory/ factor endowment theory

- ❖ Hechscher Ohlin Samuelsson theory states that if country like India is abundant in labor then India would mainly specialize in labor intensive goods that would form a large share of

its export basket. In the same vein India would import capital intensive goods from countries that are capital abundant.

BALANCE OF PAYMENT

- ❖ Balance of payment is a double entry system of record of all economic transactions between the residents of a country and the rest of the world carried out in a specific period of time.
- ❖ Balance of trade takes into account only the transactions arising out of the export and import of visible items. It does not take into account the exchange of invisible items like services of banking sector, insurance sector, transport sector, tourism industry, interest payments and receipts and dividend payments.
- ❖ Balance of trade is a narrow term whereas balance of payment is a wider term includes both visible & invisible items.
- ❖ Components of Balance of Payment are as follows- 1) Current account (it includes both visible and invisible items) 2) Capital account (private capital, banking capital, official capital) 3) Unilateral payment account (when there is a single sided transactions) 4) Official settlement account.
- ❖ $\text{Export} = \text{import} = 0$ then we said that it is balanced equilibrium
- ❖ Balancing items include official reserve, error omission, statistical error
- ❖ $\text{Balance of payment} = \text{balance of current account} + \text{balance of capital account}$
- ❖ Causes of disequilibrium of balance of payment- when the demand for and supply of foreign currency of a country are equal , it is viewed that the balance of payments of that country is in equilibrium position
- ❖ Some countries enjoys a surplus position(supply of foreign currency is more than that of the demand for foreign currency. Both the surplus and deficit positions represent the disequilibrium in balance of payments
- ❖ Causes are 1) Economic factors- development disequilibrium , cyclical disequilibrium, secular disequilibrium, structural disequilibrium 2) Political factors like internal disturbances and war 3) Social factors like the additions and drops of different cultures.

METHODS OF CORRECTION OF DISEQUILIBRIUM

If BOP disequilibrium is due to surplus balance, the country enjoys the positions as it would be most desirable but the countries worry when their balance of payment show deficit. In case of disequilibrium due to deficit, the countries take measures to eliminate deficit.

- 1) **Automatic Corrections**- devaluation of domestic currency in terms of foreign currency then export will be cheaper and import will be costlier.
- 2) **Deliberate Measures** – these measures are taken by the government to control deficit BOP, it includes monetary measures and trade measures. Monetary measures include reduction in money supply, devaluation of money and exchange control. Trade measures include export promotion measures and import substitutions measures
- 3) **Miscellaneous measures** includes loan in foreign currency, attracting foreign investments, attracting NRI deposits, development of tourisms. These measures help in reduction of imports & enhancing export thus contributes for the reduction of deficit BOP.

GDR (GLOBAL DEPOSITORY RECEIPT).

- ❖ Global depository receipt is a certificate issued by a depository bank, which purchase shares of foreign companies and deposits it on the account.
- ❖ It represents ownership of an underlying numbers of shares.
- ❖ Normally 1 GDR= 10 shares but not always
- ❖ It is a negotiable instrument which is denominated in some freely convertible currency
- ❖ It is a negotiable certificate denominated in US dollars which represents non US company's publicly traded local equality.

FII's (FOREIGN INSTITUTIONAL INVESTORS)

- ❖ These are the foreign institutions like pension fund, mutual funds, investment trusts and portfolio managers
- ❖ According to the regulations issued by the government of India foreign institutional investors (FIIs), non -Resident Indians(NRIs), persons of Indian origin (PIOs) are allowed to invest in the primary & secondary capital markets in India through portfolio Investment scheme.
- ❖ The ceiling for overall investment for FIIs is 24% of the paid up capital of the Indian company & 10% /24% for NRIs/ PIOs. The limit is 20% of paid up capital in case of public sector banks.
- ❖ Government of India issued the regulations on foreign Institutional Investors on 14th Nov 1995.

ADR (AMERICAN DEPOSITORY RECEIPT)

- ❖ An American depository receipt is a negotiable security represents securities of a non US company that trade in the US financial market. Securities of a foreign company that are represented by an ADR are called American depository shares.
- ❖ First ADR was introduced by JP Morgan in 1927 for the British retailer Selfridges.

EXIM BANK (EXPORT IMPORT BANK OF INDIA)

- ❖ It was established under the EXIM act 1981 and on 1st Jan 1982 as a statutory corporation wholly owned by the central government.
- ❖ It grants loans in India & outside for the purpose of exports & imports, refines loans of banks and other notified financial situations for purposes of International trade, rediscount exports bill for banks etc.
- ❖ It is also a coordinating agency in the field of international finance and it undertakes development of merchant banks activities in relation to export oriented industries.

DUMPING- It means selling of goods at higher price in domestic country & selling at low price in foreign countries

EXIM POLICY (EXPORT IMPORT POLICY).

It is prepared and announced by the central government (Ministry of commerce). India's export import policy is also known as foreign trade policy in general aims at developing export potential, improving export performance, encouraging foreign trade and creating favorable balance of payment position. The commerce Minister V.P Singh has announced the EXIM policy on 12th April 1985. Initially it was introduced only for 3 years. It is also known as trade policy.

PRACTICE SETS

1. Which article of the NAFTA agreement outlines its purpose?

a. Article 103	b. Article 101
c. Article 102	d. Article 204
2. Brunei Darussalam joined ASEAN on

a. 23 July 1997	b. 8 January 1984
c. 30 April 1999	d. None of these
3. SAARC helps to strengthen cooperating with other

a. Developed countries	b. Developing countries
c. Underdeveloped countries	d. None of these
4. SAARC was established on

- a. 8th December 1985
c. 8th December 1993
 - b. 4th December 1985
d. None of these

5. Which of the following statements is correct?

 - a. ASEAN was established in Bangkok
 - b. Originally ASEAN has 7 members countries
 - c. Both a and b
 - d. All of the above

6. NAFTA was signed by

 - a. George HW Bush
 - b. Mexican President Salinas
 - c. Canadian PM Brian Malroney
 - d. All of the above

7. Which of the following statements are incorrect?

 - a. ASEAN was established in Bangkok
 - b. ASEAN has originally 6 member countries
 - c. Cambodia joined ASEAN on 23 July 1997
 - d. None of the above

8. Which of the following are not correct?

 - a. SAARC helps to promote the welfare of the people of south Asia.
 - b. NAFTA helps to promote conditions of fair competition
 - c. ASEAN helps to promote regional peace and stability
 - d. None of the above

9. Which of the following statements are incorrect?

 - a. NAFTA grant the signatories most favored nation status.
 - b. Cooperation for mutual benefit is the principle of ASEAN
 - c. Both a and b
 - d. All of the above

10. Which of the following statements is incorrect?

 - a. NAFTA began on 1st January 1994
 - b. NAFTA was launched 20 years ago
 - c. NAFTA will remove most barriers to trade and investment among US, Canada and Mexico
 - d. None of the above

11. Which of the following statements is incorrect?

 - a. NAFTA began on 1st January 1994.
 - b. NAFTA covers Canada, US and Mexico
 - c. NAFTA was launched 25 years ago to reduce trading costs
 - d. None of the above

12. Which of the following statements are incorrect?

 - a. Regional economic integration facilitate the realization of the optimum allocation of resources
 - b. Regional common market provides a largest market to all,
 - c. Regional integration facilitates desirable change in composition of foreign trade
 - d. All of the above.

13. Arrange the following Organisations in the increasing order of their establishment years

1. SAARC	2. NAFTA	3. ASEAN
----------	----------	----------

Codes

a. 3, 2, 1	b. 3, 1, 2	c. 2, 3, 1	d. 1, 2, 3
------------	------------	------------	------------

14. Which conference gave birth to the IMF?

 - a. Bretton woods conference
 - b. Agency of united nations
 - c. Uruguay round conference
 - d. None of the above

15. Which of the following are not the objectives of IMF?
 - a. Removal of disparities in international payment
 - b. Imposition of trade tariff
 - c. Imposition of exchange control
 - d. Both b and c
16. Which country can take the membership of IMF?
 - a. A developed country
 - b. A developing country
 - c. Under developed country
 - d. Any country who follow the rule of IMF
17. Which of the following is not an international financial institution?
 - a. ICICI
 - b. IMF
 - c. IDA
 - d. World bank
18. India is the _____ member of IMF
 - a. Progressive
 - b. Founder
 - c. Additional
 - d. Active
19. Who may be governor of IMF?
 - a. Governor of central bank of private country
 - b. President of a particular country
 - c. Both a and b
 - d. Neither a nor b
20. Board of executive director of IMF may be appointed for
 - a. 6 years
 - b. 2 years
 - c. 8 years
 - d. None of these
21. The quotas of all the member countries with IMF are valued in terms of
 - a. SDR
 - b. Dollar
 - c. both a and b
 - d, none of these
22. Which of the following bodies are of IMF?
 - a. Board of governors
 - b. Executive board
 - c. Managing director
 - d. All of these
23. The quotas of all the member countries with the IMF are valued in terms of
 - a. SDR
 - b. GDR
 - c. Dollar
 - d. Swaps
24. In which of the following year, the articles of agreement of IMF were changed for the first time
 - a. 1967
 - b. 1968
 - c. 1969
 - d. none of these
25. Which of the following statements are incorrect?
 - a. Currently, IMF has 187 members
 - b. Each member country of IMF nominates a governor
 - c. Both a and b
 - d. None of the above
26. India has the power to appoint a permanent executive director in the _____ on the board of directors.
 - a. IMF
 - b. IBRD
 - c. ADB
 - d. none of these
27. World bank provides loan to the member country
 - a. From own funds
 - b. From borrowings
 - c. By guarantee
 - d. All of the these

28. The world bank is formed as _____ body of IMF.
 a. Supplementary b. Complementary
 c. Legal d. None of these
29. The world bank began its operation in
 a. June 1950 b. June 1946
 c. July 1944 d. August 1950
30. Associate institutions of world bank are
 a. IDA b. IFC c. IMF d. both a and b
31. World bank grant loans from
 a. Own funds
 b. Borrowed funds
 c. By guaranteeing in whole or part loans made by private investors through the investment channels.
 d. All of the above
32. Which of the following countries are 'Blend Borrowers'?
 a. India b. Indonesia c. both a and b d. none of these
33. The world bank gives financial assistance only to its
 a. Member countries b. Managing director
 c. Staff d. Governor
34. Companies benefit from direct investment by
 a. Access to foreign markets b. Access to foreign resources
 c. Both a and b d. Neither a nor b
35. One governor and one substitute governor of world bank is appointed for
 a. 2 years b. 5 years c. 7 years d. none of these
36. The world bank is owned by
 a. Member countries b. United states of America
 c. Conditionally d. All of these
37. The SDRs can be used _____ by the participating countries
 a. Freely b. Unconditionally
 c. Conditionally d. All of these
38. Countries joining world bank after 31st December 1945 come under category of
 a. Founder member b. General member
 c. Temporary member d. Permanent member
39. The world bank and the IDA are _____ international financial institutions.
 a. Private b. Complementary
 c. Different d. Same
40. Long term financial assistance for development purpose is provided by
 a. IMF b. World bank c. ADB d. WTO
41. Which institution is known as the soft loan window of world bank
 a. IMF b. IFC c. IDA d. none of these

42. In 1958 bank established _____ for providing specific economic assistance to India
- India aid club
 - India development forum
 - Both a and b
 - None of the above
43. Countries who are eligible for both IDA assistance due to low per capita income and credit worthy for some IBRD borrowing are called
- Conditional borrower
 - Blend borrower
 - Participating borrowers
 - None of these
44. Every country in IMF nominates a _____ Governor who casts vote in the absence of the Governor
- Additional
 - Casual
 - Alternate
 - None of the above
45. Each Governor of IMF has got the right of
- 250 votes + one additional vote for each SDR 100000 of quotes.
 - 253 votes + one additional vote for each SDR 200000 of quota
 - 244 votes
 - 267 votes
46. Which of the following are or is correct to EXIM bank
- Non-banking financial company
 - Commercial bank
 - Non-financial company
- Select the correct answer using the codes given below
- Both 1 and 2
 - Only 1
 - Only 2
 - Both 1 and 3
47. IMF has raised the quota and voting share of India, which places at the _____ place among 184 members of the organization.
- 10th
 - 11th
 - 12th
 - 13th
48. Which of the following statements are correct?
- IMF make the balance of payments deficits
 - IMF provide loans to governments or to any of their political subdivisions
 - Both a and b
 - All of the above
49. Which of the following statements are correct?
- The IMF financial years end 30th April
 - Currently, IMF has 197 members up to 30th June 2011
 - Both a and b
 - None of the above
50. Objective of world bank does not include
- Assistance in the reconstruction of member countries
 - Supplement private investment by its own loans and finances
 - Short-term assistance to member countries
 - Encourage long term balanced growth of international trade
51. Member countries repay the share amount to the world bank n following ways.
- 2% of allotted share are repaid in gold, US dollar or SDR
 - 18% of its capital share in its own currency
 - 80% on demand by the bank
 - All of the above

52. Before the loan is made or guaranteed the bank ensures that the
- Borrower has reasonable prospects for repayment of loans
 - Loan is meant for reconstruction and development
 - Loan is meant for productive purpose
 - All of the above
53. The world bank provides long-term loans for various development projects of _____ duration.
- 5 – 20 years
 - 10 – 30 years
 - 3 – 15 years
 - none of these
54. For providing various technical services to member countries bank has established
- The economic development institute
 - Staff college
 - Both a and b
 - None of the above
55. A country leaving the membership of IMF can continue its membership with world bank, if _____ members of bank give their votes in its favour
- 65%
 - 75%
 - 67%
 - 79%
56. Any member can be debarred from membership of world bank if
- It gives written notice to the bank
 - It work against the guidelines of bank
 - It quits membership of IMF
 - All of the above
57. Which of the following statements are incorrect?
- The initial authorized capital of the world bank was \$ 10000 billion
 - The world bank has 40 founder members
 - On 30th June 2011, 187 countries were members of the world bank
 - All of the above
58. _____ is a negotiating, committing and controlling organization.
- GATT
 - IDA
 - UNCTAD
 - ADB
59. The WTO covers
- Intellectual property
 - Services
 - Goods
 - Both a and b
60. Globalization of financial services is being promoted by
- World trade orgainsational
 - International finance corporation
 - International bank for reconstruction and development
 - International monetary fund
61. Which of the following statements are incorrect?
- WTO helps to promote environment.
 - WTO applied to trade in merchandise goods.
 - Both a & b
 - None of the above
62. Which of the following statements are incorrect?
- The WTO is the embodiment of the Uruguay Round results.
 - WTO was established on 1st January 1995.
 - WTO cannot be described as a 'free trade' institution
 - All of the above
63. Which of the following statements is incorrect?
- IFC headquartered is in Washington DC

- b. India joined MIGA in 1994
 c. Multinational corporations are also known as global companies.
 d. None of the above.
64. Which of the following statements is incorrect?
 a. Copyrights lie with the owner cum holder for a certain period.
 b. Patents are rights related to literary or artistic work.
 c. Industrial design rights can be an industrial commodity or a handicraft.
 d. All of the above.
65. Reasons for non-expansion of exports of less developed countries are
 a. Low tariff
 b. Barriers imposed by the developed countries
 c. Both a and b
 d. None of the above
66. Majority of developed countries have _____ in their BoP.
 a. Deficit
 b. Equality
 c. Surplus
 d. None of these
67. Key currencies acceptable internationally are
 a. US dollar
 b. UK pound sterling
 c. Both a and b
 d. Neither a nor b
68. Consider the following statements in context of WTO
 1. WTO is a permanent body with its over dispute settlement mechanism.
 2. Scope of WTO has been broadened by inclusion of services, intellectual property rights and investment measures.
 3. WTO promote international trade
 4. WTO banned the foreign currency
 5. WTO managed the hybrid system of clean floating, currency block etc.
 Which of the statements given above are correct?
 a. Both 1 and 2
 b. Both 2 and 5
 c. 1, 2 and 3
 d. Both 3 and 4
69. Which of the following is the objective of WTO?
 a. To introduce new world trade policy
 b. Companies can produce in different countries
 c. Contribution to the trade and production
 d. None of the above
70. A company that has a worldwide approach to markets and production is known as
 a. Multinational enterprise
 b. Multinational efficiency
 c. Multinational company
 d. None of these
71. Which of the following is not the function of WTO?
 a. To optimum use of world resource
 b. To create dispute between IMF and IBRD for formulating the economic policy
 c. To introduce the rule and provision relating to the procedure of business policy
 d. None of the above
72. Which of the following are modes of service supply of GATS?
 a. Consumption abroad
 b. Cross border services
 c. Both a and b
 d. None of these

MISCELLANEOUS

Directions (Q. Nos. 73 – 83) the following questions consist of two statements, statement I and statement II, you have to examine these two statements carefully and select the answer by using the codes given below.

Codes:

- a. Both statements are correct
- b. Both statements are incorrect
- c. Statement I is correct but statement II is incorrect
- d. Statement I is incorrect but statement I is correct.

73. Statement I due to NAFTA, Canada's farmers were past out of business by US subsidized form product.

Statement II. NAFTA created the world's smallest free trade area.

74. Statement I international liquidity does not include official holdings of international liquidity assets.

Statements II. Only borrowed reserves are the source of international liquidity.

75. Statement I SDR constitute a temporary part of the reserves of each country.

Statement II Each country is free to decide as to how and when to use its SDRs.

76. Statement I Principles of ASEAN include renunciation of the threat or use of force.

Statement II NAFTA decrease investment opportunities.

77. Statement I There are many different levels of integration.

Statement II Regional integration has been organized only via inter-governmental decision making.

78. Statement I Through free trade policy, there will be free access to markets.

Statement II Regional economic integration lead an increase in efficiency in production.

79. Statement I WTO treats foreigners and locals equally.

Statement II The WTO dispute settlement system is faster.

80. Statement I Each governor of IMF has got the right of 350 votes

Statement II Each member country of IMF nominates a Governor.

81. Statement I World bank offers long-term loans to developing countries.

Statement II World bank provides loan for reconstruction and development.

82. Statement I The president is the highest policy making body of the bank.

Statement II All the powers of the bank are vested in the Board of directors.

83. Statement I FDI is ill advised because they loss their national identity.

Statement II FDI is cheaper than exporting goods,

Directions (Q Nos 84 – 95) In the questions given below are two statements labeled as Assertion (A) and Reason (R). in the context of the two statements which one of the following is correct?

Codes:

- a. Both (A) and (R) are correct and (R) is the correct explanation of (A).
- b. (R) is correct but (A) is incorrect
- c. (A) is correct but (R) is incorrect.
- d. Both (A) and (R) are incorrect.

84. Assertion (A) SDRs are the rights to draw on the IMF and are called paper gold.

Reason (R) Since, the value of SDRs is fixed in gold, so it is called paper gold

85. Assertion (A) North American Free Trade Area is an example of FTA

Reason (R) NAFTA permits trade of goods without taxes and other trade barriers.

86. Assertion (A) cooperative peace and shared prosperity shall be the fundamental goals of ASEAN.

Reason (R) ASEAN helps to promote regional peace and stability.

87. Assertion (A) Problem of international liquidity is due to surplus in the BoP of developed countries.

Reason (R) Developed countries are creditors of LDCs and do not take interest in getting rid of their surplus.

88. Assertion (A) The fund is regarded as the guardian of good conduct in sphere of BoP.

Reason (R) Fund aims at reducing tariffs and other trade transaction by member countries.

89. Assertion (A) every member country of IMF automatically becomes the member of world bank.

Reason (R) Any country which quits IMF cannot expelled from the world banks membership.

90. Assertion (A) UNCTAD does not facilitate economic developments.

Reason (R) UNCTAD promote international trade with different socio-economic systems.

91. Assertion (A) IFC promotes sustainable public sector investment in developing countries.

Reason (R) IFC helps to reduce poverty and improve people lives.

92. Assertion (A) trade development authority serves as a exchange of trade information between India and overseas.

Reason (R) this authority conducted surveys in several countries for the promotion of export.

93. Assertion (A) IMF is accountable to the governments of its member countries.

Reason (R) It is controlled and managed by board of governors.

94. Assertion (A) ADB suffers from serious shortage of investible resources.

Reason (R) ADB is not in a position to meet the loan requirements of the member countries completely.

95. Assertion (A) IBRD and IDA run to the same lines.

Reason (R) IBRD and IDA share the same staff and headquarters.

96. Match the following.

List- I (organisations)	List II (Features)
a. SAARC	1. It creates procedures for the resolution of trade disputes.
b. ASEAN	2. It is dedicated to economic, technological, social and cultural development.
c. NAFTA	3. Non-interference in the internal affairs of one another.

Codes:

A B C

- a. 3 2 1
b. 2 1 3
c. 1 2 3
d. 2 3 1

97. Match the following

List- I (levels of integration)	List - II (features)
a. Customs union	1. It allows for the free mobility of capital and labour across countries.
b. Common market.	2. Its example is NAFTA
c. Free trade area	3. It occurs when a group of countries agree to eliminate a set of common external tariffs on imports.

Codes:

- A B C
a. 3 2 1
b. 3 1 2
c. 2 3 1
d. 1 2 3

98. Match the following.

List -I (concepts)	List-II (features)
A. Free trade	1. Its value is fixed in gold
B. International liquidity	2. Removes tariffs and non-tariff barriers.
C. Regional economic integration.	3. Aggregate stock of internationally acceptable assets.
D. Special drawing rights.	4. It permits trading partners mutual gains from trade of goods and services.

Codes:

- A B C D
a. 4 3 2 1
b. 3 1 4 2
c. 2 1 4 3
d. 3 4 1 2

99. Match the following.

List-I (Organisations)	List -II (objectives)
a. SAARC	1. To promote cooperative peace and shared prosperity
b. NAFTA	2. To provide protection and enforcement of intellectual property rights
c. ASEAN	3. To promote the welfare of the people of south asia and to improve their quality of life.

Codes:

	A	B	C
a.	3	2	1
b.	2	1	3
c.	2	3	1
d.	1	2	3

100. Match the following

List -I (Coccepts)	List -II (Advantages)
a. International monetary fund	1. Risk factor is always extremely high
b. International finance corporation	2. It has failed to achieve of eliminating foreign exchange restrictions.
c. Foreign direct investment	3. It may transfer technology which has become outdated in other country.
d. MNCs for the host country	4. It charges very high interest rates.

Codes:

	A	B	C	D
a.	4	1	2	3
b.	2	4	1	3
c.	3	1	4	2
d.	4	1	3	2

101. Match the following

List -I (IMF facilities)	List II (Features)
a. Stand by arrangements	1. Overcoming BoP difficulties
b. Extended fund facility	2. To provide short-term BoP assistance for deficit of a temporary and cyclical nature
c. Poverty, reduction and growth facility	3. It is aimed at programmes the spread of crisis
d. Contingent credit lines facility	4. To support programmes to strength substantially and in suitable manner BoP positions.

Codes:

	A	B	C	D
a.	4	3	1	2
b.	3	2	4	1
c.	2	1	4	3
d.	3	1	4	2

102. Match the following.

List - I (Organisation of world bank)	List II (features)
a. Board of governors	1. Responsible for the conduct of the day to

	day business of the bank.
b. Board of executives	2. It meets annually to check out the general policy of the bank.
c. Advisory council	3. It meet regularly once a month to carry on the routine working of the bank.
d. President and other members of staff	4. It is appointed by the board of directors.

Codes:

	A	B	C	D
a.	4	3	2	1
b.	2	3	4	1
c.	3	1	4	2
d.	2	1	4	3

103. Match the following

List-I (Types of intellectual property rights)	List-II (Features)
a. Trademarks	1. It may refer to the creation of a shape color, patten or a combination of all these things.
b. Patents	2. It is a symbol generally used to identify a particular product, which indicates its source.
c. Industrial design rights	3. These are the designs, practices, formulas etc.
d. Trade secrets	4. The invention must new and should be useful or can be applied in industries

Codes:

	A	B	C	D
a.	4	3	2	1
b.	2	3	4	1
c.	3	1	4	2
d.	2	4	1	3

104. Match the following

List-I (concepts)	Lisy-II (advantages)
a. Foreign direct investment	1. It gives a boost to the industrial activities of home country.
b. Multinational corporations	2. It enables the owners or creators to protect their work.
c. Intellectual property	3. It helps strengthen the political

relationships between various nations.

Codes:

	A	B	C
a.	3	1	2
b.	2	3	1
c.	3	2	1
d.	1	2	3

ANSWER KEYS'

1=A	2=C	3=B	4=A	5=A	6=D	7=A	8=D	9=B	10=D
11=C	12=B	13=B	14=A	15=D	16=D	17=A	18=B	19=A	20=B
21=A	22=	23=A	24=C	25=D	26=A	27=D	28=B	29=B	30=D
31=D	32=C	33=A	34=C	35=B	36=A	37=A	38=B	39=B	40=B
41=C	42=C	43=B	44=C	45=A	46=B	47=C	48=B	49=A	50=C
51=D	52=D	53=A	54=B	55=B	56=D	57=C	58=A	59=D	60=D
61=B	62=C	63=B	64=B	65=D	66=C	67=A	68=B	69=A	70=C
71=B	72=C	73=B	74=B	75=D	76=C	77=C	78=A	79=A	80=D
81=A	82=C	83=C	84=C	85=A	86=A	87=A	88=D	89=A	90=C
91=D	92=A	93=A	94=B	95=A	96=D	97=B	98=A	99=A	100=B
101=C	102=B	103=D	104=A						

PREVIOUS YEAR QUESTIONS

- The companies having business in a large number of countries around the world at present are called
 - Transnational corporations (TNCs)
 - Multinational corporations (MNCs)
 - Global corporations (GCs)
 - Multinational enterprises (MNEs)
- Which one of the following is not the basic function of WTO?
 - To facilitate the implementation, administration and operation of trade agreements.
 - To settle differences and disputes among its member countries.
 - To facilitate the expansion and balanced growth of international trade
 - To carry out periodic reviews of the trade policies of its member countries.
- Bretton woods conference resulted into the establishment of which of the following?
 - IMF & IDA
 - IBRD & IFC
 - IDA & ADB
 - IMF & IBRD

4. Match the items of list II with the list I relating to WTO impact

List I	List II
A. NAMA	1. Liberalization of international investments.
B. GATTS	2. Includes industrial goods, textile, jewellery, fish and fisheries product manufacturing industries.
C. TRIMs	3. Liberalization of trade in goods and services
D. TRIPs	4. Provides monopoly power to owners of

intellectual property

Codes:

	A	B	C	D
a.	2	1	4	3
b.	4	2	3	1
c.	2	3	1	4
d.	3	2	4	1

5. Which among the following is not an international economic institution?
 a. IMF b. IBRD c. ADB d. IFRS

July 2016

6. Statement I. WTO is only international organization which deals with the rules of trade between Organisations.

Statement II. The limit of holding by individual foreign institutional investors in a company has been raised from 5 to 10% of company's share while the aggregate limit has been increased from 24 to 34%.

Codes:

- a. Statement I is correct but statement II is incorrect.
 b. Statement II is correct but statement I is incorrect
 c. Both the statements are correct
 d. Both the statements are incorrect

7. Which combination of the following is correct with regard to world trade organization (WTO)?

1. WTO initiates peace process among the member countries to enhance international trade.
 2. WTO avoids the task of settlement of disputes among the member countries.
 3. WTO administers the trade review mechanism
 4. WTO cooperates in an appropriate manner with the IMF and the world bank

Codes:

- a. 2, 3 and 4 b. Both 1 and 3
 c. Both 3 and 4 d. 1, 2 and 3

8. The major outcome of the Bretton woods conference was

- a. Establishment of IMF and IFC b. Establishment of IBRD and IFC
 c. Establishment of IBRD and ADB d. Establishment of IMF and IBRD

9. Assertion (A) amended patent act, in compliance with WTO, provides for grant of product patent as well as process patent for a period of 20 years from the date of application.

Reason (R) under the act, patent may be granted to an invention which means a new product or process involving an inventive step and capable of industrial application, a technical advance over existing knowledge.

Codes:

- a. Both A and R are true but R is not the correct explanation of A
 b. A is false but R is true
 c. Both A and R are true and R is the correct explanation of A
 d. A is true but R is false.

10. Which of the following have been recognized under the intellectual property eligible for creation of rights as per WTO mandate?

1. Computer software, music disc, performing art.
2. Geographical indicator
3. Global positioning system
4. Journals, books, seeds designs, brand

Select the correct answer using the codes given below:

- a. 1, 2 and 3 b. 1, 3 and 4 c. 1, 2 and 4 d. 1, 2 and 3

11. NAFTA came into force from January 1994 embracing

- a. USA, Canada, Cuba b. USA, Canada and Mexico
- c. Cuba, Mexico USA and Havana d. Trinidad, Mexico , US

12. Which of the following are the outcomes of the sixth ministerial conference of WTO which was held at Hong Kong in December 2005?

1. Resolve to complete the Doha work programmer fully and to conclude negotiations in 2006.
2. Amendments to TRIPS agreement reaffirmed to address public health concerns of developing countries.
3. To continue export subsidies in agriculture up to 2018
4. Duty free, quota free market access for all LDCs products to all developed countries.

Codes:

- a. 1, 2 and 4 b. 1, 2, 3 and 4
- c. Both 1 and 3 d. Both 2 and 4

13. The important objectives of WTO are

1. To improve the quality of technology in the member countries.
2. To improve the standard of living of people in the member countries.
3. To ensure full employment and broad increase in effective demand.
4. To enlarge production and trade of goods.
5. To increase trade of services.

Select the correct answer using the codes given below:

- a. 1, 2, 3 and 4 b. 2, 3, 4 and 5
- c. 1, 2, 3 and 5 d. 1, 3, 4 and 5

14. Out of the following which are the important objectives of IMF?

1. To promote exchange rate stability
2. To create standby reserves
3. To print international currency notes
4. To establish a multinational system of payments.
5. To maintain orderly exchange rate stability.
6. To create employment.

Codes:

- a. 2, 4, 5 and 6 b. 3, 5 and 6
- c. 1, 2, 4 and 5 d. 1, 2, 5 and 6

15. Possible impact of WTO on various aspects of the Indian economy.

1. Quantitative restriction will be allowed.
2. Secondhand cars will be imported.
3. There will be dumping of Chinese goods.
4. Increase in population.
5. Child labour exploitation.
6. Unemployment will increase.

Which of the combination is correct?

- a. 1, 2 and 3 b. 3, 4 and 5

- c. 2, 3 and 6 d. 4, 5 and 6
16. The components of WTO are
 a. Ministerial conference b. Disputes settlement body
 c. Director general d. All of these
17. Which one of the following matches correspond to the member and observer countries of the SAARC?
 1. India, Pakistan, Bangladesh, Nepal, Sri Lanka, Afg. Maldives
 2. Iran china japan USA south Korea European union
 3. Pakistan, Nepal, India, Bangladesh Iran
 4. UK, USA, North Korea, South Africa
 Codes:
 a. Both 3 and 4 b. Both 2 and 4
 c. Both 1 and 2 d. Both 2 and 3
18. Which one is not an international organization.
 a. SAARC b. ASEM
 c. ASEAN d. CBDT
19. Which one is not an objective of IMF?
 a. To promote international monetary cooperation
 b. To ensure balanced international trade
 c. To finance productive efforts according to peace time requirements
 d. To ensure exchange rate stability
20. Out of the following which one is not related with WTO?
 a. TRIPS b. Ministerial conference
 c. TRIMS d. TRAI

ANSWER KEYS

1=C	2=C	3=D	4=C	5=D	6=C	7=C	8=D	9=D	10=C
11=B	12=A	13=C	14=C	15=D	16=D	17=C	18=D	19=C	20=D

PRACTICE SETS

1. What are the objectives of international trade?
 a. Sales expansion b. Diversification
 c. Maximize competitive risk d. Both a and b
2. A global company is sometimes called
 a. A joint stock company b. A corporation
 c. A globally integrated company d. None of the above
3. Which of the following are engaged in external influence?
 a. Political policies b. Legal policies
 c. Both a and b d. Neither a nor b
4. International trade brings developing countries in contact with
 a. Developed nations b. Underdeveloped countries
 c. Low developed countries d. All of the above
5. Foreign exchange reserves include
 a. Gold stock b. US dollar

- c. Both a and b d. Neither a nor b
6. Foreign trade helps each country to make _____ use of its natural resources.
a. Optimal b. Loss
c. Better d. None of these
7. Which of the following are major objectives that engage companies in international business?
a. To expand sales b. To acquire resources
c. To diversify sources of sales and supplies d. All of the above
8. More companies operate internationally because
a. New products take time to become known globally.
b. Domestic companies competitors, suppliers and customers have become international
c. Both a and b
d. None of the above
9. Additional risk that have to be taken care of, while trading across nations are
a. Exchange risk b. Country risk
c. Both a and b d. Neither a nor b
10. Enjoying comparative advantage for a country means having a _____ opportunity cost of domestically producing a commodity than the other country.
a. Lesser b. Greater
c. No d. None of these
11. Which of the following statements are incorrect
a. Export trade means sale of goods to a foreign country
b. Import trade means sale of goods to a foreign country
c. Both a and b
d. None of the above
12. Which combination of the following factors has driven globalization in the recent past?
1. Growth of multinational corporations
2. Internationalization of finance
3. Increased international trade
Select the correct answer using the codes given below:
Codes:
a. Both 1 and 2 b. Both 1 and 3
c. Both 2 and 3 d. All of these
13. Which of the following are the types of exporting?
a. Direct exporting b. Indirect exporting
c. Both a and b d. None of the above
14. Which of the following cannot be advantage of licensing?
a. It has low financial risks b. It avoid tariffs
c. It has possibility of creating future competitor d. None of the above.
15. Which of the following statement is incorrect?
a. Franchising is a part of licensing
b. Licensing is a mode of entry into international business
c. Both a and b
d. None of the above

16. Which of the following are included in modes of entry into an international business?
 - a. Exporting
 - b. Licensing
 - c. Importing
 - d. Franchising
17. Theory of comparative advantage is propounded by
 - a. Adam smith
 - b. David Ricardo
 - c. Marshall
 - d. Robbins
18. The theory of comparative advantage assumes single factor of production that is
 - a. Land
 - b. labour
 - c. capital
 - d. all of these
19. What are the assumptions of heckscher-ohlin model
 - a. No construction to trade
 - b. Commodities and factor are perfectly competitive
 - c. Both countries operate at same level of efficiency
 - d. All of the above
20. Who has shown how international trade leads to equalization of factor prices?
 - a. JM Keynes
 - b. Bertil Ohlin
 - c. David Ricardo
 - d. none of these
21. The comparative cost theory of international trade was developed by
 - a. David Ricardo
 - b. Haberler
 - c. Adam smith
 - d. Alfred Marshal
22. The trade theory of absolute advantage was developed by
 - a. Haberler
 - b. David Ricardo
 - c. Ada, smith
 - d. Alfred marshal
23. The theory of reciprocal demand is developed by _____
 - a. Yeron
 - b. John Stuart mill
 - c. Ohlin
 - d. none of these
24. Factor endowment theory of international trade was propounded by
 - a. David ricardo
 - b. Bertil ohlin
 - c. JS mill
 - d. CP Kindleberger
25. Heckscher-Ohlin theory explains international trade in terms of
 - a. Demand differences
 - b. Differences in factor endowments
 - c. Differences in labour productivity
 - d. None of the above
26. Important factors considered in international product life cycle theory are
 - a. Technological innovation
 - b. Market structure
 - c. Both a and b
 - d. Neither a nor b
27. Theories of international trade can be broadly grouped into
 - a. Classical theory
 - b. Modern theory
 - c. Both a and b
 - d. Neither a and b
28. Who was shown, how international trade leads to equalization of factor prices?
 - a. Prof Horst kohaler
 - b. Prof Bertil Ohlin
 - c. Prof IM Keynes
 - d. Prof PU Ouglus
29. The purpose of protectionism is to protect
 - a. Domestic industries from foreign competition
 - b. Foreign firms from foreign competitors
 - c. Domestic exports from high production cost
 - d. Foreign and domestic firms from labour unions

30. Anti-Dumping duties are used to
- Offset the margin of dumping
 - Punish domestic consumers for buying high prices imported goods
 - Discourage foreign governments from subsidizing their exporters
 - Reduce the tariff revenue of the domestic government
31. A tariff rate quota
- Is a limit on the number of tariff that a country can place on imports
 - Uses a single tariff along with import quotas to restrict import
 - Is designed to avoid the price increases caused by simple tariffs
 - Is a two tier system intended to restrict imports
32. According to which theory one country may be more efficient in producing a particular goods than another country and that another country may be capable of producing some other goods more efficiently than the first one?
- Theory of comparative advantage
 - Theory of absolute advantage
 - Theory of international product life cycle
 - None of the above
33. Which theory explores the possibility of two nation operating at the same level of efficiency, benefiting by trading with each other?
- Theory of comparative advantage
 - Heckscher-Ohlin model
 - Both a and b
 - None of the above
34. Which of the following pairs are correct
- Countries should export more than they import as per the theory of mercantilism
 - Theory of comparative advantage is propounded by Adam smith
 - Both a and b
 - None of the above
35. Who has demonstrated how prosperity of one country brings prosperity to other countries participating in international trade?
- Keynes
 - Adam Smith
 - Ohlin
 - None of these
36. Which of the following statements is correct?
- Mercantilism supported autarky
 - Mercantilism originated in Britain
 - Mercantilism was based on the ideology of globalization
 - All of the above
37. Which of the following pairs are not correct?
- Endowment theory assumes that factor modality within a country is complete
 - Imitation gap theory assumes that new products are initially developed in capital rich countries
 - Both a and b
 - None of the above
38. Difference between the time of introduction of the product in one country and the time, when the producers in other country start producing it
- Imitation gap
 - Demand gap
 - Both a and b
 - Neither a nor b
39. Arrange the following steps of international product life cycle theory in a correct order.
1. Maturity stage
 3. Decline stage

2. Introduction stage 4. Growth stage
- Codes
- a. 2, 4, 1, 3 c. 4, 3, 2, 1
- b. 3, 1, 4, 2 d. 4, 2, 3, 1
40. Which of the following is a rationale for governments imposing offensive trade and investment barriers?
- a. The protection of domestic industries b. The promotion of national security
- c. The pursuit of public policy objectives d. The support of special interest
41. If a tariff and import quota lead to equivalent increases in the domestic price of steel, then
- a. The quota results in efficiency reductions, but the tariff does not
- b. The tariff results in efficiency reductions but the quota does not
- c. They have different impacts on how much as produced and consumed
- d. They have different impacts on how income is distributed
42. During periods of growing domestic demand an import quota
- a. Is less restrictive on a country's imports than a tariff
- b. Is more restrictive on a country's imports than a tariff.
- c. Has the same restrictive effect on a country's imports as a tariff.
- d. Will always generate increased tax revenue for the government.
43. Import quotas tend to results in all of the following expect.
- a. Domestic producers of the imported good being harmed
- b. Domestic consumers of the imported good being harmed
- c. Prices increasing in the importing country
- d. Prices falling in the exporting country
44. Consider the following statements and identify the right ones.
1. A double entry system of record of all economic transactions between the residents of a country and rest of the world is called balance of trade
2. All transactions related to goods, services or income are classified as capital account.
- Codes:
- a. Only 1 b. Only 2
- c. Both of the above d. None of the above
45. The investment in productive assets and participation in management as stakeholders in business enterprise us
- a. FDI b. FII c. balance of payment d. SDR
46. Consider the following statements and identify the right one
1. India adopted LERMS in 1992
2. In 1993, dual exchange rate system was replaced by unified floating exchange rate.
- Codes:
- a. Only 1 b. Only 3
- c. Both of the above d. None of the above
47. Globalization is beneficial for firms because
- a. It opens up new market opportunities
- b. It protects them against foreign competition
- c. It cushions them from the effects of events in other countries
- d. It increases the risk and uncertainty of operating in a globalizing world economy.
48. The following factors are key drivers of globalization.

- a. Government action, exchange rate, competition and socio-demographic factors.
b. Market convergence, competition, exchange rates and cost advantages.
c. Cost advantages, government action, economic cycles and competition
d. Market, cost, competition and government policies.
49. What is the importance of globalization for multinational firms?
a. Home demand, home factor conditions and domestic rivalry are no longer important to multinational firms.
b. A multinational firm can gain a competitive advantage in a foreign country
c. The home base is no longer important to multinational firms
d. Regions are no longer important in global competition
50. Globalization is term used to describe the process of removal of restriction on which of the following?
a. Foreign trade b. Investment
c. Both a and b d. None of the above
51. Globalization can create problems for business because
a. It increases vulnerability to political risk and uncertainty when operating abroad.
b. It means that they can increase prices.
c. It can result in more competition
d. All of the above
52. Globalization is a process of integration of world economics to realize the benefits of geography, demography, cost and efficiency. Which three characteristics represent globalization?
1. Increasing space 2. Shrinking space
3. Strengthened borders 4. Shrinking time
5. Disappearing borders
- Select the correct answer using the codes given below
a. 2, 3 and 4 b. 1, 2 and 4
c. 1, 3 and 4 d. 2, 4 and 5
53. In an economist's view, which of the following perspective of globalization is most suitable?
a. The rise of global media and global culture.
b. The emergence of global institutions and global conflicts
c. The development of communication technologies
d. The growth of international trade and increase in international trade flow
54. Which of the following statement are correct?
a. Globalization implies integration of the economy of the country with rest of the world economy.
b. Globalization focused on industrialization.
c. Both a and b
d. None of the above
55. Which of the following cannot be included in objectives of globalization?
a. It focused on industrialization. b. It emphasized on free flow of capital
c. It enhance unemployment d. None of the above
56. Which of the following can be included in measures initiated towards globalization by government of India?
a. Exchange rate adjustment and Rupee convertibility
b. Import liberalization
c. Both a and b

- d. None of the above

Directions (Q. Nos 57 to 60) In the questions, given below two statements are labelled as statement I and statement II. In the context, which of the following is correct?

Codes:

- Both statements are correct
- Both statements are incorrect
- Statement I is correct but statement II is incorrect
- Statement I is incorrect but statement II is correct

57. Statement I. Foreign trade is subject to greater risk as compared to home trade.
Statement II. Internal trade is known as foreign trade.

58. Statement I. Imitation gap theory is given by Posner.
Statement II. In the accounting sense, debit and credit will always balance each other.

59. Statement I. international business does not spread business risks.
Statement II, international business helps in removing domestic market constraints.

60. Statement I. international business can imports harmful goods.
Statement II. International business renew resources

61. Which of the following statement are correct?

- Profit advantage is objective of international business.
- International business helps in removing domestic market constraints.
- International business shrink business risk.

Codes:

- Only 1
- Only 2
- Both a and 2
- All of the above

Directions (Q. Nos 62 to 65) In the questions given below are two statements labelled as Assertion (A) and Reason (R). In the context of the two statements, which one of the following is correct.

Codes:

- Both A and R are correct and R is the correct explanation of A
- R is correct but A is incorrect
- A is correct but R is incorrect
- Both A and R are incorrect

62. Assertion (A). International trade enables a country to consume things which it cannot produce.

Reason (R). international trade fosters trade

63. Assertion (A) removal of trade barriers may result the growth of industries

Reason (R) Economy does not depends on global market

64. Assertion (A) Perfect competition only exists in product market in each country.

Reason (R) Barriers are often created to benefit specific interest group.

65. Assertion (A) Trade barriers are restrictions imposed on the movement of goods between countries.

Reason (R). The major purpose of trade barriers is to promote domestic goods than exported goods.

66. Match the following

List-I

List -II

A. Importing	1. Modes of international business
B. Marketing	2. Functions of international business
C. Sales expansion	3. Objectives of international business
D. Economic forces	4. External influence

Codes

	A	B	C	D
a.	1	2	3	4
b.	3	1	4	2
c.	4	1	3	4
d.	4	3	2	1

67. Match the following

List-I	List-II
A. Theory of reciprocal demand	1. Through specialization, countries could increase their efficiency
B. Theory of absolute advantage	2. It emphasizes the demand side as well
C. Theory of mercantilism	3. It assumes that there is only one factor of production
D. Theory of comparative costs	4. Countries should export more than they import

Codes:

	A	B	C	D
a.	4	3	2	1
b.	2	1	4	3
c.	3	4	1	2
d.	2	3	4	1

68. Match the following

List-I	List-II
A. Theory of reciprocal demand	1. David Ricardo
B. Theory of absolute advantage	2. Adam Smith
C. Theory of comparative advantage	3. Raymond Vernon
D. Product life cycle theory of trade	4. John Stuart Mill

Codes:

	A	B	C	D
a.		4	3	1
b.		3	1	4
c.		2	3	4

d. 2 4 1 3

69. Match the following

List-I	List-II
A. Theory of mercantilism	1. It is developed John Stuart mill
B. Theory of absolute advantage	2. What each country will export and what it will import is determined by comparative differences in labour costs
C. Theory of comparative costs	3. It refers to the ability of a country to produce a good more
D. Theory of reciprocal demand	4. It attributes and measures the wealth of a nation by the size of its accumulated treasures

Codes:

	A	B	C	D
a.	4	3	2	1
b.	3	1	4	2
c.	1	4	2	3
d.	1	2	3	4

70. Match the following.

List-I	List-II
A. Adam smith	1. Availability
B. David Ricardo	2. Endowment
C. Ohlin	3. Absolute advantage
D. IB Kravis	4. Comparative advantage

Codes:

	A	B	C	D
a.	1	2	3	4
b.	2	4	3	1
c.	3	4	2	1
d.	4	3	1	2

ANSWER KEYS

1=D	2=B	3=C	4=C	5=C	6=A	7=D	8=B	9=D	10=A
11=C	12=B	13=C	14=C	15=A	16=C	17=B	18=B	19=D	20=B
21=A	22=C	23=B	24=B	25=B	26=C	27=C	28=B	29=A	30=A
31=D	32=B	33=B	34=A	35=A	36=B	37=B	38=A	39=A	40=A
41=D	42=B	43=A	44=D	45=A	46=A	47=B	48=A	49=D	50=C
51=A	52=D	53=D	54=C	55=C	56=C	57=C	58=A	59=D	60=C
61=D	62=A	63=C	64=B	65=A	66=A	67=B	68=D	69=A	70=B

PRECIOUS YEAR QUESTIONS

DECEMBER- 2018

1. Which one of the following is the main government agency responsible for development and monitoring international trade in India?
 - a. Indian institute of foreign trade.
 - b. Federation of Indian export orgainsational
 - c. Department of commerce
 - d. Export promotion council
2. The theory suggesting that the patterns of international trade are determined by factor endowment rather than productivity was propounded by which one of the following?
 - a. Adam smith
 - b. David Ricardo
 - c. Heckcher and bertil Ohlin
 - d. Michael porter
3. In which one of the following modes of entry into foreign market are risk and profit potential the highest?
 - a. Indirect exporting
 - c. direct investment
 - b. Direct exporting
 - d. joint venture
4. Which one among the following has the largest share of exports from India?
 - a. Agriculture and allied commodity.
 - b. Gems and jewellery.
 - c. Handicrafts
 - d. Electronic goods
5. Assertion (A) Comparative cost theory is static in character.
Reason (R) comparative cost theory is based on fixed supplies of factors of production
Codes:
 - a. A is correct but R is incorrect.
 - b. R is correct but A is incorrect
 - c. Both A and R are correct, but R is not the correct explanation of A.
 - d. Both A and R are correct and R is the correct explanation of A
6. Assertion (A) in 1991, government decided to allow all foreign investments to any industry without any restrictions.
Reason (R) government has enhanced the investment limit of small scale industrial units.
Codes:
 - a. Both A and R are true and R is the correct explanation of A
 - b. Both A and R are true but R is not the correct explanation of A
 - c. A is true but R is false
 - d. A is false but R is true
7. Globalization is the term used to describe process of removal of restriction on which of the following?
 - a. Foreign trade
 - c. both a and b
 - b. Investment
 - d. none of these
8. In respect of international business, a project is called a turnkey project because
 - a. The licensee agree to construct an entire plant in his home country and hands over the key
 - b. The licensor starts the operation and hands over the key of the operating plant to the licensee
 - c. The licensor starts the operation and then invites the licensee and hands over the key to complete the remaining work
 - d. The licensor and the licensee jointly carry out the project and agree to share profit equally
9. The highest percentage of export from India went to which of the following regions in 2013.

- a. OECD countries
c. SAARC
- b. USA
d. Latin America
10. Which of the following is not ensured to the consumer in the globalization?
a. Lower prices
b. Better selection
c. Clear origin of goods and services
d. Improved services
11. From the following modes of international business, identify the mode which strategic alliance?
a. Franchising
b. Leasing
c. Turnkey project
d. Joint venture
12. In the context of globalization, Levitt Thesis means
a. Standardization strategy to respond to the worldwide homogenized market and expand the market through aggressive low pricing.
b. Customize products to regional markets
c. Customize products to meet the national markets
d. None of the above
13. Match the following
- | List -I | List -II |
|--|-----------------------|
| A. Comparative cost theory of international trade | 1. Gottfried Haberfer |
| B. International theory of opportunity cost | 2. JS Mill |
| C. Factor endowment theory of international trade. | 3. David Ricardo |
| D. Doctrine of reciprocal demand | 4. Hecksher Ohlin |
- Codes
- | | A | B | C | D |
|----|---|---|---|---|
| a. | 3 | 2 | 4 | 1 |
| b. | 1 | 3 | 2 | 4 |
| c. | 3 | 1 | 4 | 2 |
| d. | 2 | 1 | 4 | 3 |
14. The forces that lend momentum to the process of globalization have been identified by Michael Porter include the following
- | | |
|---------------------------------|--------------------------------|
| 1. Fluid global capital market | 2. Technological restructuring |
| 3. Decreasing religious command | 4. Ethnic decontrol |
| 5. New global competitors | 6. End of the cold war in 1990 |
- Codes
- | | |
|-----------------|------------------|
| a. 6, 5 4 and 3 | b. 6, 3, 2 and 1 |
| c. 6 4 2 and 1 | d. 4 3 2 and 1 |
15. Assertion (A). Operating style of the international business can spread to the entire globe.
Reason (R) The style is limited to the internal economy only.
- Codes
- a. Both A and R are true and R is the correct explanation of A.
b. Both A and R are true and R is not the correct explanation of A
c. A is true but R is false
16. The comparative cost advantage theory was given by
a. David Ricardo
b. Adam smith
c. Raymond Vernon
d. Michaela E porter

17. The companies globalize their operations through different means
 - a. Exporting directly
 - b. Licensing/ franchising
 - c. Joint ventures
 - d. All of these
18. In international trade, which of the following is a non-tariff trade barrier?
 - a. Quotas
 - b. Import bans
 - c. Export controls
 - d. Anti-dumping laws
19. Franchising is a practice of
 - a. Leasing for a prescribed period of time, the right to use firm's successful business model and brand
 - b. Selling out a successful business model and
 - c. Hiring a firm's successful business model and brand
 - d. None of the above.

1=C	2=C	3=C	4=B	5=D	6=D	7=C	8=D	9=A	10=C
11=D	12=A	13=C	14=C	15=B	16=A	17=D	18=B	19=A	

PRACTICE SETS

1. Foreign direct investment involves
 - a. Intangible goods
 - b. Tangible goods
 - c. human resource
 - d. intellectual property
 2. Foreign policy decision makers for spreading their information rely on
 - a. Public
 - b. Media
 - c. politician
 - d. bureaucrats
 3. International trade brings developing countries in contract with
 - a. Developed nations
 - b. Modern ideas
 - c. developing countries
 - d. sustainable growth
 4. The spot rate of exchange is quoted for the immediate delivery of
 - a. Foreign treasury
 - b. Foreign exchange
 - c. Foreign rate
 - d. Foreign transactions
 5. Which of the following statement is incorrect?
 - a. In foreign direct investment, foreign companies develop new companies in home country
 - b. Foreign companies open their subsidiaries in the country in FDI
 - c. FDI does not create capital in the domestic country
 - d. FDI has favorable impact on production and employment in the state
 6. Which of the following pairs is not correct?
 - a. Items in the negative list of imports and exports are prohibited goods
 - b. Permit issued by custom authorities to export goods is dock warrant
 - c. Items which require license for export and import are restricted goods
 - d. None of the above
 7. Arrange the following steps of export procedure in chronological order.
 - a. Order acceptance
 - b. Order placement
 - c. Goods removal from works
 - d. Goods readiness and documentation goods
- Codes:
- a. 4, 3, 2, 1
 - b. 2, 1, 4, 3
 - c. 3, 1, 4, 2
 - d. 3, 4, 1, 2

8. Which statement is true in relation to the way of the arrival of foreign direct investment in India?
- automatic route is called Delhi route
 - FIPB works under the ministry of industry
 - In relationship to FDI coming through automatic route, no prior approval is required from the government or the Reserve Bank
 - FIPB is authorized to approve the investment of up to 1200 crore.
9. Currently, in which areas is FDI in India prohibited?
- Atomic energy.
 - Lottery business
 - Gambling and betting
 - Chit fund trade
 - Nidhi company
 - Home and real estate business
 - Construction of cigars and business.
 - Metro rail
- Codes:
- 1, 2, 3, 6, 7 and 8
 - 1, 2, 3, 4, 7 and 8
 - 1, 2, 3, 4, 5 and 8
 - All of the above
10. In order to overcome the ambiguity of foreign direct investment and foreign institutional investment in India, four member committee has been appointed under the chairmanship of
- Manmohan singh
 - P Chidambaram
 - Raghuram Rajan
 - Arvind Mayaram
11. Which of the following can not be included in methods of FDI?
- Tax holidays
 - Investment financial subsidies
 - Horizontal FDI
 - None of the above
12. Investors of FDI are
- Active
 - Non-active
 - Both a and b
 - None of these
13. which of the following statement is not correct?
- Many parent enterprise provide FDI because of the tax incentive that they got
 - Acquiring shares are disintegrated from FDI
 - Both a and b
 - None of the above
14. Which of the following can be cost of home countries?
- Risk from political change
 - Access to market
 - Reduce cost of production
 - None of the above
15. Merchants was known as _____ in France.
- Colbertism
 - Physiocratism
 - cameralism
 - none of the above
16. Which of the following is not balance of payment?
- Capital account
 - current account
 - Loss account
 - none of these
17. A debit balance of payment occurs due to
- Low imports and high exports
 - High imports and low exports
- Select the correct answer using the codes given below
- Codes:

- a. Both a and 2
 - b. Neither 1 nor 2
 - c. Only 1
 - d. Only 2
 18. The balance of payment of a country on current account is equal to
 - a. Balance of trade + short term capital flows
 - b. Balance of trade + net invisible exports
 - c. Balance of payment – capital flows
 - d. Balance of invisible trade + imports
 19. The current account is made up of visible and ____
 - a. Invisible
 - b. Constraint
 - c. expert
 - d. none of these
 20. The effects of foreign trade on the domestic economy may be at
 - a. Micro level
 - b. Macro level
 - c. both a and b
 - d. neither a nor b
 21. Rapid economic development or economic growth requires most efficient use of the
 - a. Country's resources
 - b. Foreign investment
 - c. Both a and b
 - d. None of the above
 22. In balance of payment accounts, all goods exported and imported are recorded in
 - a. Capital account
 - b. Visible account
 - c. invisible account
 - d. none of these
 23. The balance of payment is and _____ system.
 - a. Social
 - b. Accounting
 - c. both a and b
 - d. none of these
 24. Which of the following are not components of BoP account?
 - a. Current account
 - b. Capital account
 - c. official reserves
 - d. profit and loss account
 25. Which of the following is part of current account?
 - a. Merchandise exports
 - b. Merchandise imports
 - c. Both a and b
 - d. Neither a nor b
 26. Official reserves are comprised of gold, SDRs and _____ foreign exchange
 - a. Non-convertible
 - b. Convertible
 - c. semi-convertible
 - d. all of these
 27. The capital account consists of
 - a. Loans
 - b. Investments
 - c. other transfer financial assets
 - d. all of the above
 28. Which of the following is not the item of capital account?
 - a. NRI deposits
 - b. Official transfers
 - c. Disbursement
 - d. External assistance
 29. Which of the following is not a type of disequilibrium in the balance of payment?
 - a. Structural disequilibrium
 - b. Secular disequilibrium
 - c. Transactional disequilibrium
 - d. Cyclical disequilibrium
 30. The current account is made up of

- a. Visible c. both a and b
b. Invisible d. all of the above
31. The BoP is composed of two accounts. They are
a. Capital account c. company account
b. Current account d. both a and b
32. Physical delivery of foreign exchange has to take place in case of
a. Spot market c. future market
b. Forward market d. all of these
33. If a country has deficit in balance of current account, balance of capital account will be
a. Zero c. deficit
b. Surplus d. none of these
34. The BoP is a fund statement that reflects changes in assets, liabilities and net worth during a ____ - period
a. Given c. financial
b. Specified d. none of these
35. The _____ include the value of merchandise exports and the value of merchandise imports
a. Goods account c. liquidity account
b. Service account d. none of these
36. The difference between the value of goods and services exported and imported by a country is the measure of
a. Balance of payment c. service account
b. Balance of trade d. none of the above
37. Which items are included in the negative list of imports?
a. Canalized items c. restricted items
b. Banned items d. all of the above
38. The balance of payments account is conventionally divided into
a. Current account and capital account
b. Visible account and invisible account
c. Long-term capital account and short term capital account
d. None of the above
39. The devaluation of currency of a country is done when
1. It has adverse balance of payment
2. It has favorable balance of payment
Select the correct answer using the codes given below:
Codes
a. Both 1 and 2 c. only 1
b. Neither 1 nor 2 d. only 2
40. Which of the following are items of invisible transaction?
a. International transportation of goods including warehouse
b. Travel for reasons of business, education, health etc
c. Insurance premium and payment of claims
d. All of the above
41. Which of the following is principles of valuation for BoP account?
a. The transaction should be valued at market price

- b. Both imports and exports should be valued at BoP basis
 c. Both a and b
 d. None of the above
42. Which of the following statements are incorrect?
 a. Listing receipts and payments in international transaction for a country is called balance of trade
 b. In the balance of payment, gifts from foreigners is unrequited receipts
 c. Both a and b
 d. None of the above
43. which of the following is not correct?
 a. The absorption approach to BoP explains changes in national income and their impact on BoP
 b. Monetary approach to BoP emphasizes the role played by money supply in countrys BoP
 c. Traditioanl approach to BoP explains the volumes of exports and imports of a country is determined by relative prices
 d. None of the above
44. Which of the following statements is incorrect?
 a. In the balance of payment, indemnities paid by foreigners is unrequited receipts
 b. In the balance of payment, gifts from foreigners are capital in flow
 c. Both a and b
 d. None of the above
45. The following table shows cost per unit of production of two goods, wheat and cloth in 2 countries X and Y with no transportation cost and free trade

	X	Y
WHEAT	50	350
CLOTH	100	500

Which one of the following will take place?

- a. No trade will take place
 b. X will export wheat and import cloth
 c. X will export cloth and import what
 d. There is no enough information to comment

MISCELLANEOUS

Directions (Q. No. 46-49). The following two questions consist of two statements, statement I and statement II. You have to examine these two statements carefully, select the correct code.

Codes:

- a. Both statements are correct
 b. Both statements are incorrect
 c. Statement I is correct but statement II is incorrect
 d. Statement I is incorrect but statement II is correct

46. Statement I A bill of landing is a document of title to the goods.
 Statement II A bill of landing contains all the terms and conditions agreed upon between the ship owner and the charterer.

47. Statement I. easy international trade is helps in smooth working of international trade.
 Statement II. Many parent enterprises provide FDI because of the tax incentives that get

48. Statement I. In 1992, India opened up its economy and allowed foreign portfolio investment in its domestic stock market.
 Statement II. It is a part of international trade.

49. Statement I. The balance of payment is comprehensive record of economic transactions of the residents of a country.

Statement II. Balance of payment is different from balance of trade.

Directions (Q. No. 50-53) In the questions given below are two statements labelled as Assertion (A) and Reason (R). In the context of the two statements, which one of the following is correct?

Codes:

- Both A and R are true, R is the correct explanation of A.
- Both A and R are true, but R is not the correct explanation of A.
- A is correct but R is incorrect.
- A is incorrect but R is correct.

50. Assertion (A). In BoP, every transaction has two aspects.

Reason (R). since, for every credit there is corresponding debit and for every debit there is corresponding debit is explanatory.

51. Assertion (A). FDI simply refers to the act of investment capital in a business enterprise that operates overseas and in a foreign country.

Reason (R). It control in term of actual power of management and effective decision making in the major areas of working.

52. Assertion (A). current account or income account of BoP includes the flow of all goods and services.

Reason (R). Capital account may be divided into official and private account on the basis that private capital flows normally takes place in order to make profit or avoid loss.

53. Assertion (A). capital account covers debit and claims payable in money or those.

Reason (R). Capital account may be divided into official and private account on the basis that private capital flows normally takes place in order to make profit or avoid loss.

54. Match the following.

List-I	List-II
A. Foreign trade	1. It is in undertaking by its issue that the bills of exchange drawn by the foreign dealer on the importer will be honoured on presentation upon a specified amount.
B. Bill of lading	2. It is a document of title to the goods.
C. Quotation	3. Trade between two or more nations
D. Letter of credit	4. It is reply by the seller to the prospective buyer.

Codes:

- | | | | | |
|----|---|---|---|---|
| | A | B | C | D |
| a. | 4 | 1 | 2 | 3 |
| b. | 3 | 2 | 4 | 1 |
| c. | 2 | 3 | 4 | 1 |
| d. | 4 | 3 | 2 | 1 |

55. Match the following

List-I	List-II
a. Merchandise exports	1. Purchase of foreign goods.
b. Merchandise imports	2. Sales of goods abroad
c. Investment income	3. Largely caused by excess of imports over exports in merchandise
d. Balance of payment deficit	4. Dividends, interest etc received from abroad

Codes:

	A	B	C	D
a.	1	2	3	4
b.	2	3	4	1
c.	2	1	4	3
d.	3	4	2	1

56. Match the following

List-I	List-II
a. Absolute advantage	1. State in which exports equal imports
b. Balance of trade	2. Ability of a country to produce a good more efficiently
c. Static equilibrium	3. It is a long term phenomenon
d. Secular disequilibrium	4. Difference between merchandise exports and imports

Codes:

	A B	C	D
a.	3 2	4	1
b.	3 4	1	2
c.	2 4	1	3
d.	4 3	2	1

57. Match the following

List-I	List-II
a. FOB basis	1. Means of international payment
b. Official reserves	2. Price paid for insurance and shipment of goods should not be included as part of value of goods either by exporter or importer
c. Balance of payment manual	3. Principles or concepts to be followed by countries while compiling BoP data to ensure consistency
d. Bill of lading	4. Document of title of sale of goods.

Codes:

	A B	C	D
a.	2 1	3	4
b.	1 2	3	4
c.	3 2	1	4
d.	4 3	2	1

ANSWER KEYS

1=B	2=B	3=A	4=B	5=C	6=B	7=B	8=C	9=D	10=D
11=C	12=A	13=B	14=A	15=A	16=B	17=C	18=A	19=A	20=C
21=A	22=B	23=B	24=D	25=C	26=B	27=A	28=B	29=C	30=C
31=D	32=A	33=B	34=B	35=A	36=B	37=D	38=B	39=A	40=D
41=C	42=A	43=D	44=B	45=B	46=C	47=A	48=A	49=D	50=A
51=B	52=A	53=B	54=B	55=C	56=C	57=A			

PREVIOUS YEAR QUESTIONS

1. Foreign investment can be made through which of the following routes?
- Foreign direct investment
 - Foreign portfolio investment
 - Private equity investment
 - Foreign venture capital investors

Choose the correct answer from the codes given below

- 1, 3 and 4
- Both 1 and 4
- 1, 2 and 4
- All of the above

2. Match the items of list I with the items of list II and choose the correct answer from the code given below:

List-I	List-II
a. Balance of trade	1. Imports and exports of goods and services and unilateral transfer of goods and services.
b. Current account	2. Transactions leading to changes in the financial assets and liabilities of a country.
c. Balance of payment	3. All economic transactions between a country's residents and residents of other countries.
d. Capital account	4. Value of exports and imports of a country.

Codes:

	A	B	C	D
a.	4	1	3	2
b.	3	2	4	1
c.	1	2	3	4
d.	4	3	2	1

3. Match the items of List-I with the items of List-II and choose the correct answer from the code given below:

List-I	List-II
a. Direct investment overseas aimed at manufacturing products not manufactured by the firm in the home country.	1. Inward FDI
b. Direct investment in a foreign country aimed to sell the output of the firm's domestic production.	2. Backward vertical FDI.
c. Direct investment overseas at providing inputs to the firms production process in the home country.	3. Conglomerate FDI
d. Foreign firms investing overseas and taking control over foreign assets.	4. Forward vertical FDI.

Codes:

A	B	C	D	
a.	4	3	2	1
b.	1	4	2	3
c.	3	4	2	1
d.	3	2	1	4

4. Statement I companies with low cash reserves normally prefer licensing mode rather than foreign direct investment.

Statement II cash rich firms normally prefer foreign direct investment.

Codes:

- Both statements are true
- Both statements are false
- Statement I is true but statement II is false
- Statement I is not true but statement II is true

5. The foreign investment promotion board revamps the rules and regulations pertaining to

- Accounting of foreign investment
- Investment by NRIs
- Foreign investments
- All of the above

6. Which one is not the form of FDI

- Purchases of existing assets in foreign currency
- New investment in property plant or equipment
- Making investment in the mutual fund
- Transfer of many types of assets.

Answer keys

1-A 2-A 3-C 4-C 5-C 6-C

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UNIT-13

INFORMATION TECHNOLOGY

1) Full form of "OS" is?

- A. Order of significance
- C. Open software

- B. Operating system
- D. Optical Sensor

Answer = B

2) The ribbon is used in ?

- A. Laser Printer
- C. Ink-jet printer

- B. Plotter
- D. Dot Matrix printer

Answer = D

3) Address book contains?

- A. Email address
- C. People Names

- B. Phone numbers
- D. All of the above

Answer = D

4) Full form of "DOCOMO" ?

- A. Do Connect over Mobile
- C. Dongle Communication Over Mobile

- B. Do Communications Over the Mobile network
- D. Do Communication Or More

Answer = B

5) Joystick is used to ?

- A. Move cursor on the screen
- C. Both a and b

- B. Computer games
- D. None of these

Answer = C

6) A DNS translates a domain name into what ?

- A. Binary
- C. IP

- B. Hex
- D. URL

Answer = C

7) When was the first e-mail sent ?

A. 1963

B. 1969

C. 1971

D. 1974

Answer = C Explanation: It was sent by Ray Tomlinson

8) What type of memory is volatile ?

A. Cache

B. RAM

C. ROM

D. Hard Drive

Answer = B

9) Main memory is also known as ?

- A. Auxiliary memory
- C. Secondary memory

- B. Primary memory
- D. None of above

Answer = B

10) The term CRM means ?

- A. Customer Relationship Management
- C. Customer's Relative Meet

- B. Customer Retention Manager
- D. Channel Root Market

Answer = A

11) Why would a switch be used in a network in preference to a HUB ?

- A. To reduce the network traffic
- B. To prevent the spread of all viruses
- C. To connect a computer directly to the internet
- D. To manage password security at the work station

Answer = A

- 12) What should be done to successfully convert the format of an image from BMP to JPEG ?
 A. Compress the file
 B. Rename the image
 C. Use the save as command
 D. Change the image file extension

Answer = C

- 13) A company regularly updates a user reference guide. Some staff are confused about which of the printed document is the most current. What feature should be included in the reference guide to eliminate this confusion ?

- A. Data printed
 B. Version number
 C. Authors name
 D. Copyright information

Answer = B

- 14) The term associated with the processing of comparison speed is ?

- A. FFTS
 B. MPG
 C. MIPS
 D. CPS

Answer = C

- 15) The data from a spreadsheet needs to be imported into a database package. Which file format would be the most appropriate when saving the spreadsheet file ?

- A. CSV
 B. HTML
 C. PDF
 D. RTF

Answer = A

- 16) For reproducing sound the CD audio player uses a ?

- A. Quartz Cristal
 B. Titanium Needle
 C. Laser Beam
 D. Barium Titanium Ceramic

Answer = C

- 17) Which of the following would indicate that the motherboard battery has failed ?

- A. Operating system passwords are lost
 B. Files on the hard disk are lost and corrupted
 C. Hardware settings, including virtual memory reverts to default values
 D. Hardware settings, including the current date and time reverts to default values

Answer = D

- 18) Which of the following is essential component of communication cycle ?

- A. A message
 B. An interpreter
 C. An email account
 D. An internet connection

Answer = A

- 19) In what year was the @ chosen for its use in email address ?

- A. 1972
 B. 1976
 C. 1980
 D. 1984

Answer = A

- 20) What is MAC ?

- A. A computer made by Apple
 B. Memory address corruption
 C. Mediocre Apple Computer
 D. Media Access Control

Answer = D

ARTIFICIAL INTELLIGENCE

1. In LISP, the function returns the list that results after the first element is removed (the rest of the list), is

- a) car
 b) last
 c) cons
 d) cdr

Answer: d

2. Output segments of Artificial Intelligence programming contain(s)

- a) Printed language and synthesized speech
 b) Manipulation of physical object
 c) Locomotion
 d) All of the mentioned

Answer: d

3. LISP was created by:

- a) John McCarthy
- b) Marvin Minsky
- c) Alan Turing
- d) Allen Newell and Herbert Simon

Answer: A

4. Expert Ease was developed under the direction of:

- a) John McCarthy
- b) Donald Michie
- c) Lofti Zadeh
- d) Alan Turing

Answer: b

5. An Artificial Intelligence system developed by Terry A. Winograd to permit an interactive dialogue about a domain he called blocks-world.

- a) SHRDLU
- b) SIMD
- c) BACON
- d) STUDENT

Answer: a

6. MLMenu, a natural language interface for the TI Explorer, is similar to:

- a) Ethernet
- b) NaturalLink
- c) PROLOG
- d) The Personal Consultant

Answer: b

7. Strong Artificial Intelligence is

- a) the embodiment of human intellectual capabilities within a computer
- b) a set of computer programs that produce output that would be considered to reflect intelligence if it were generated by humans
- c) the study of mental faculties through the use of mental models implemented on a computer
- d) all of the mentioned

Answer: a

8. The traditional way to exit and LISP system is to enter

- a) quit
- b) exit
- c) bye
- d) ok

Answer: b

9. In which of the following situations might a blind search be acceptable?

- a) real-life situation
- b) complex game
- c) small search space
- d) all of the mentioned

Answer: c

10. What is Artificial intelligence?

- a) Putting your intelligence into Computer
- b) Programming with your own intelligence
- c) Making a Machine intelligent
- d) Playing a Game

Answer: c

Explanation: Because AI is to make things work automatically through machine without using human effort. Machine will give the result with just giving input from human. That means the system or machine will act as per the requirement.

This set of Artificial Intelligence Questions and Answers for Experienced people focuses on "History of AI - 2".

11. A series of Artificial Intelligence systems, developed by Pat Langley to explore the role of heuristics in scientific discovery is _____

- a) RAMD
- b) BACON
- c) MIT
- d) DU

Answer: b

12. A.M. turing developed a technique for determining whether a computer could or could not demonstrate the artificial Intelligence, Presently, this technique is called

- a) Turing Test
- b) Algorithm
- c) Boolean Algebra
- d) Logarithm

Answer: a

13. A Personal Consultant knowledge base contain information in the form of:

- a) parameters
c) production rules
b) contexts
d) all of the mentioned

Answer: d

14. Which approach to speech recognition avoids the problem caused by the variation in speech patterns among different speakers?

- a) Continuous speech recognition
c) Connected word recognition
b) Isolated word recognition
d) Speaker-dependent recognition

Answer: d

15. Which of the following, is a component of an expert system?

- a) inference engine
c) user interface
b) knowledge base
d) all of the mentioned

Answer: d

16. A computer vision technique that relies on image templates is:

- a) edge detection
c) model-based vision
b) binocular vision
d) robot vision

Answer: c

17. DARPA, the agency that has funded a great deal of American Artificial Intelligence research, is part of the Department of:

- a) Defense
c) Education
b) Energy
d) Justice

Answer: a

18. Which of these schools was not among the early leaders in Artificial Intelligence research?

- a) Dartmouth University
c) Massachusetts Institute of Technology
b) Harvard University
d) Stanford University

Answer: b

19. A certain Professor at the Stanford University coined the word 'artificial intelligence' in 1956 at a conference held at Dartmouth college. Can you name the Professor?

- a) David Levy
c) Joseph Weizenbaum
b) John McCarthy
d) Hans Berliner

Answer: b

20. In LISP, the function (copy-list <list>)

- a) returns a new list that is equal to <list> by copying the top-level element of <list>
b) returns the length of <list>
c) returns t if <list> is empty
d) all of the mentioned

Answer: a

21. Who is the "father" of artificial intelligence?

- a) Fisher Ada
c) Allen Newell
b) John McCarthy
d) Alan Turning

Answer: a

22. In 1985, the famous chess player David Levy beat a world champion chess program in four straight games by using orthodox moves that confused the program. What was the name of the chess program?

- a) Kaissa
c) Golf
b) CRAY BLITZ
d) DIGDUG

Answer: b

Practice sets

1. DBMS files contain updating of data which includes

- a. description of data
c. changed value of data
- b. present value of data
d. all of these
2. The collection of blocks is called as
a. area of database
c. system of database
- b. database
d. application system
3. Which of the following statement is true
a. development of modern information system is a complex process
b. the business management process has changed from function management to process management.
c. the basic understanding of the process is essential even through the technology is a significant factor in the good design of information system.
d. all of the above
4. The decision making level of an organization that is most concerned with daily operations is the
a. operational level
c. executive level
- b. managerial level
d. none of these
5. the decision making level of an organization that is most concerned with long term strategy is the
a. operational level
c. executive level
- b. managerial level
d. none of the above
6. the decision making level of an organization that is most concerned with optimizing organisational efficiency is the
a. operational level
c. executive level
- b. managerial level
d. none of the above
7. Which of the following is not a component of DSS?
a. DSS Software
c. DSS data user interface
- b. DSS database
d. DSS bytes
8. which of the following statements are true with regard to DSS software
a. it comprises of different computational, analytical and mathematical systems that are used to examine large amounts of data.
b. it may compromise various models where a particular function is performed by each model
c. the DSS software includes the predetermined design
d. all of the above
9. Which of the following is not a type of DSS?
a. communication driven DSS
c. data driven DSS
- b. document driven DSS
d. none of the above
10. Which of the following is true about DSS model?
a. it is an explicit statement of factors that affect a systems of objects or a particular object or entity observed actions.
b. these models are designed on the principles of accounting systems, economics, business management etc.
c. There are various management systems which are transformed into DSS models
d. All of the above
11. Which of the following statements is not true about data use interface?
a. it is an interactive graphical interface that makes it possible for the DSS to communicate and interact with its use.
b. it comprises of data from multiple sources, including the organization internal data, data gathered by various applications
c. it exhibits the analytical outcomes and results in different forms, such as graphics, charts, tables, text etc.
d. The current DSS is constructed using the web based interface
12. Which of the following statement is true for GDSS?

- a. it is an interactive computer based that makes it easier for a number of decision makers (working together in a group) to discover alternatives to unstructured issues and problems.
- b. the GDSS's tools and techniques enhances the quality and efficiency of group meetings.
- c. both a and b
- d. neither a nor b

13. Which of the following is not true about Artificial Intelligence?

- a. It is the science and technology that is based on various functions to design and develop a system that can think and work like a human being
- b. this device can reason, analyses, learn conclude and solve problems.
- c. AI was developed to make computers systems think lie humans
- d. all of the above

14. AI is applied to which of the following elements?

- a. Non numeric data
- b. Patterns
- c. statements and symbols
- d. all of these

15. Which of the following concept is used for describing the judgmental or commonsense problem solving?

- a. heuristic
- b. critical
- c. value based
- d. none of these

16. What stage of manufacturing process is described as the function onto form?

- a. fixed service
- b. design
- c. distribution
- d. project management

17. which of the following statements are correct with regard to neural networks?

- a. this system is designed on the basis of neuron structure of the human mind. Neuron is a micro cell which connects other micro cells in the brain.
- b. The entire neural network is realized in the form of software
- c. NN replaces human cognitive skills
- d. the NN goes on building a strong database for problem solving which depends in the decisions made by the manager

18. Which of the following is not an application of AI?

- a. cognitive science applications
- b. natural interface applications
- c. robotic applications
- d. GDSS applications

19. Which of the following statement is true?

- a. AI, engineering and physiology are the basic disciplines of Robotics
- b. This technology produces robot machines with computer intelligence and computer controlled human like physical capabilities
- c. both a and b
- d. neither a nor

20. which of the following is not true with regard to natural interface in AI?

- a. it comprises of ability to talk to the computers and robots in conversational human languages and have them understand us as easily as we understand.
- b. Natural interfaces uses AI to build natural, realistic, multisensory human computer interface.
- c. C++ is a language tool to develop 3-D hypermedia animations and graphic products to provide virtual reality experience
- d, the development of natural languages on speech recognition are major thrusts in this area.

21. Which of the following statement is not true?

- a. knowledge management is required only in academic and research institutions.
- b. knowledge management is the broad process of locating, organizing, transferring and using the information and expertise within an organization.
- c. knowledge management relates to an Organisations set of systems and processes and of a business to generate, store, convert, and apply that knowledge.

d. knowledge work system are advanced systems designed for technicians, scientists and other knowledge workers responsible for the discovery and creation of new expertise and knowledge for a company.

ANSWER KEYS

1=D	2=A	3=D	4=A	5=C	6=A	7=D	8=D	9=D	10=D
11=B	12=C	13=B	14=D	15=A	16=B	17=C	18=D	19=C	20=C
21=A									

Practice sets'

- Management is linked to information by
 - data
 - decisions
 - both a and b
 - none of these
- computers are used in management for
 - planning
 - organizing
 - presentation
 - all of these
- the information of MIS comes from the
 - internal source
 - external source
 - both a and b
 - none of these
- the backbone of organization is
 - management
 - information
 - employee
 - capital
- the advantage of transistors are
 - they are portable
 - they are more reliable
 - consumer less power
 - all of these
- the flow of information through MIS is
 - management dependent
 - information dependent
 - organization dependent
 - need dependent
- The internal information for MIS may come from any of the following division.
 - customer care department
 - HR department
 - marketing department
 - production department
- MIS normally found in a manufacturing organization will not be suitable in the
 - service sector
 - bartering sector
 - agricultural
 - all of these
- which of the following is not an important features of useful and effective information?
 - accuracy
 - timeliness
 - completeness
 - economy
- which of the following statement is true?
 - the MIS is a product of multi-disciplinary approach to the business management
 - the MIS is a computer based informed system
 - the MIS provides information support for decision making in the organization
 - all of the above
- The Management Information system (MIS) applies on
 - query system
 - modeling systems
 - decision support systems
 - all of the above
- Which is the true statement from the following?
 - Information processing is the backbone of any organization?
 - The software is available to handle the procedural and non-procedural data processing
 - MIS is based on data base and uses the data base for generating information

d. All of the above

13. Types of information includes

- a. strategic information
- b. planning information
- c. control information
- d. all of these

14. "The concept of a control system model is applied to data processing where all the features are used in the programmes of the data processing." This system is a

- a. management control
- b. systems control
- c. organisational control
- d. process control

15. System analysis helps in

- a. understanding the existing system
- b. understanding the objectives achieved by the existing system.
- c. evaluating the system for computerization and its placement in the total MIS
- d. all of the above

16. Material management system includes

- a. inventory control system
- b. payment system
- c. procurement system
- d. all of the above

17. sourcing of MIS includes

- a. data acquisition
- b. data validation
- c. data entry
- d. all of these

18. MIS elements are

- a. people
- b. information
- c. process
- d. all of these

19. MIS can be used in controlling

- a. PERT/CPM
- b. risk analysis models
- c. operations research models
- d. all of the above

20. If a decision can be based on a rule, method or guidelines, it is called

- a. programmed decision
- b. structured decision
- c. informed decision
- d. all of the above

21. The basic model of organization includes

- a. functional
- b. service
- c. project
- d. all of these

22. Which of the following is / are features of information?

- a. Improves representation of an entity
- b. updates the level of knowledge
- c. reduces uncertainty
- d. all of the above

23. If the manager operates in a known environment, then it is a

- a. closed decision making system
- b. coordination system
- c. planning system
- d. open system

24. information is a product of

- a. company
- b. processing
- c. communication
- d. planning

25. Which of the following statement is true?

- a. the quality of information is high, if it creates managerial impact leading to attention decision and action.
- b. the quality of information can be measured on the four dimensions viz utility, satisfaction, error and bias
- c. the processing of data for the information processing should be allowed only after a thorough validation of transactions on a logical basis
- d. all of the above

26. Attributes of the information includes
 a. time scale
 b. scope of collection
 c. frequency of reporting
 d. all of these
27. which of the following statement is correct?
 a. the information system is a combination of a person, the hardware and the software
 b. if a system is functional in isolation from the environment, then the system does not have any exchange with the environment, nor is it influenced by the environment changes
 c. a system is defined and determined by its boundaries and objectives
 d. all of the above
28. Production of MIS includes
 a. exception reporting
 b. query processing
 c. decision support system
 d. all of these
29. system analysis helps in
 a. understanding the existing system
 b. understanding the objectives achieved by the existing system
 c. evaluating the system for computerization and its placement in the total MIS
 d. all of the above
30. a good system design and its implication has high user acceptance because
 a. it helps in recording
 b. it helps in reducing cost
 c. it meets the information needs effectively
 d. it helps in documenting
31. The SSAD develop _____ of the system
 a. conceptual model
 b. graphical model
 c. logical model
 d. all of these
32. A long range management information system plan provides _____ for the development.
 a. direction
 b. control
 c. coordination
 d. data
33. the MIS goals and objectives will consider _____ of the firm
 a. management philosophy
 b. policy constraints
 c. business risks
 d. all of the above
34. The functional information can be defined as a
 a. set of information required by the functional head in conducting the administration and management of the function
 b. set of information required for costing
 c. documents of the system
 d. none of the above
35. MIS feasibility study does not include _____ feasibility
 a. economic
 b. mechanical
 c. technical
 d. operational

Answer keys:

1=C	2=D	3=C	4=B	5=D	6=D	7=A	8=A	9=D	10=D
11=D	12=D	13=D	14=B	15=D	16=D	17=D	18=D	19=D	20=D
21=D	22=D	23=A	24=B	25=D	26=D	27=D	28=D	29=D	30=C
31=D	32=A	33=D	34=A	35=B					

IMPORTANT MCQs

1. Management information systems (MIS)
 1. create and share documents that support day-today office activities

2. process business transactions (e.g., time cards, payments, orders, etc.)
3. capture and reproduce the knowledge of an expert problem solver
- 4. use the transaction data to produce information needed by managers to run the business**
5. none of the above

2 The term used to describe those people whose jobs involve sponsoring and funding the project to develop, operate, and maintain the information system is

1. information worker
2. internal system user
- 3. systems owner**
4. external system user
5. systems builder

3 The person who ensures that systems are developed on time, within budget, and with acceptable quality is a

1. systems designer
- 2. project manager**
3. systems owner
4. external system user
5. systems builder

4 Which one of the following is not a business driver for an information system?

1. business process redesign
2. knowledge asset management
- 3. proliferation of networks and the Internet**
4. security and privacy
5. collaboration and partnership

5 A task of developing a technical blueprint and specifications for a solution that fulfills the business requirements is undertaken in the following phase of the system development process

1. system initiation
2. system implementation
3. system analysis
- 4. system design**
5. feasibility analysis

6 If a university sets up a web-based information system that faculty could access to record student grades and to advise students, that would be an example of a/an

1. CRM
- 2. Intranet**
3. ERP
4. Extranet
5. none of the above

7 Which of the following is not a technology driver for an information system?

1. enterprise applications
2. object technologies
- 3. knowledge asset management**
4. collaborative technologies
5. networks and the Internet

8 Which of the following is a deliverable of the system implementation phase in a formal system development process?

- 1. technical hardware and software solution for the business problem**
2. business problem statement
3. statement of the system users' business requirements
4. technical blueprint and specifications for a solution that fulfills the business requirements
5. none of the above

9 An information system that supports the planning and assessment needs of executive management is

1. DSS
2. TPS
3. ERP
4. MIS
- 5. none of the above**

10 Decision makers who are concerned with tactical (short-term) operational problems and decision making are

- 1. middle managers**
2. executive managers
3. supervisors
4. mobile managers
5. none of the above

11 The application of information to scan an organization's environment is:

1. external communication.
2. information overload.
- 3. sensing.**
4. internal communication.
5. none of the above.

12. When a bank uses information to launch a personalized credit card product this:

1. manages risks.
- 3. adds value.**
5. none of the above.

2. creates a new opportunity.
4. reduces costs.

13 When a bank uses business performance management software to monitor its performance in differences regions this:

1. reduces costs.
3. adds value.
5. none of the above.

2. **manages risks.**
4. creates a new opportunity.

14 When a bank offers web self-service for customers to answer their questions, the primary outcome is:

1. adds value.
- 3. reduces costs.**
5. none of the above.

2. manages risks.
4. creates a new opportunity.

15 The general transformation cycle for information is:

1. information to data to knowledge.
3. data to knowledge to information.
5. none of the above.

2. knowledge to data to information.
- 4. data to information to knowledge.**

16 The most important attribute of information quality that a manager requires is:

- 1. relevance.**
2. media.
3. presentation.
4. timeliness.
5. none of the above.

17 To improve the performance of a business process, which of the following is most relevant?

1. Input.
3. All of the above.
5. Output.

2. Processing.
- 4. Control and feedback**

18 Monitoring the legal constraints which a company operates under requires review of:

1. a company's customers.
3. **a company's macro-environment.**
5. all of the above.

2. a company's outputs.
4. a company's micro-environment.

19 The majority of publically available Internet information sources are:

1. created in XML.
3. normal information.
5. none of the above.

2. structured information.
- 4. unstructured information.**

20 Records management:

1. is a discipline limited to digitized paper documents.
2. is a discipline limited to library books.
3. is a discipline limited to paper documents.
4. is a discipline limited to information contained in databases.
- 5. none of the above.**

21 Which of the following should be represented on an information flow diagram?

1. Entity
- 2. Source**
3. Process
4. Attribute
5. Database

22 A web blueprint depicts:

1. the layout of an individual web page
3. the layout of an index page
5. the layout of a sitemap

2. the layout of the home page
- 4. the layout of a website**

23 UML depicts information systems as a collection of:

1. Entities
2. Processes
3. Data
4. Information
5. Objects

24 Which of the following statements describes a taxonomy?

- 1. A browsable hierarchy**
2. A list of equivalent terms
3. A complex controlled vocabulary showing relationships

25 Which of the following statements about XML schemas is incorrect?

1. Schemas can specify integer values
2. Schemas are defined by XSD tag
3. All XML documents must have a schema
4. Schemas provide data oriented data types
5. They offer more flexibility than DTDs

26 Which of the following relates to enterprise interoperability?

1. DFD
2. Information flow diagram
3. XML
4. Entity relationship diagram

27 Which of the following is not a type of navigation system for a web site?

1. National
2. Global
3. Contextual
4. Local
5. Regional

28 What should not be part of an acceptable use policy?

1. Allowable use of systems
2. Legal obligations
3. Encryption policies
4. User responsibilities
5. Account and password responsibilities

29 Use-case analysis focuses upon:

1. data
2. Objects
3. Entities
4. Actors

30 Which of the following is part of a static view of information?

1. Logical data model
2. Meta data
3. Data flow model
4. Information process model

31 Contemporary Information Systems are interfacing with customers and suppliers using :

1. BPR
2. CRM
3. SCM
4. Both A and B
5. Both B and C

32 Information systems that support the business functions that reach out to suppliers are known as:

1. back office information systems
2. decision support systems
3. expert information systems
4. front office information systems
5. none of the above

33 Which of the following is not a class of information system applications?

1. database management system
2. decision support system
3. expert system
4. management information system
5. office automation system

34 Who are the people that actually use the system to perform or support the work to be completed?

1. system analysts
2. system designers
3. system owners
4. system builders
5. none of the above

35 Which is not a typical business function?

1. Sales
2. Service
3. Manufacturing
4. Accounting
5. Benefits and Compensation

36 The flow of transactions through business processes to ensure appropriate checks and approvals are implemented is called:

1. procedures
2. work flow
3. process flow
4. process requirements
5. procedures

37 Language-based, machine-readable representations of what a software process is supposed to do, or how a software process is supposed to accomplish its task is known as:

1. prototyping
2. software specifications

3. application programs
5. none of the above

4. human engineering

38 A specification of how the user moves from window to window, interacting with the application programs to perform useful work is called:

1. interface specifications
2. software specifications
3. user dialog
4. prototyping specifications
5. navigation specification

39 Examples of keyless interfaces include:

1. bar coding, OCR, pen, and voice recognition
2. mouse, OCR, pen, and voice recognition
3. keyboard, OCR, pen, and voice recognition
4. all of the above
5. none of the above

40 Open database connectivity (ODBC) tools are an example of:

1. layer ware
2. tool kit
3. interface ware
4. middleware
5. none of the above

41 The first CMM level at which measurable goals for quality and productivity are established is

1. Level 1
2. Level 2
3. Level 3
4. Level 4
5. Level 5

42 Project Management ensures that

1. project's risk is assessed
2. project's feasibility is assessed
3. system is developed at minimum cost
4. both A and B
5. none of the above

43 The deliverable of the problem analysis phase is

1. system improvement objectives
2. problem statement
3. statement of constraints
4. statement of work
5. none of the above

44 Which one is NOT a category of problems represented by the PIECES framework?

1. control
2. Efficiency
3. Service
4. Economics
5. technology

45 Which one is NOT a phase of the systems development life cycle?

1. problem analysis
2. scope definition
3. requirements analysis
4. post-implementation review
5. decision analysis

46 A cross life-cycle activity of system development is

1. object modeling
2. prototyping
3. fact-finding
4. data modeling
5. data flow diagram modeling

47 An ongoing activity of systems support is

1. assisting users
2. adapting the system to new requirements
3. recovering the system
4. fixing software defects
5. all of the above

48 Rapid Application Development (RAD) strategy includes all of the following, except

1. actively involves system users in the analysis, design, and construction activities
2. uses waterfall development approach to evolve system concept
3. organizes systems development into a series of focused, intense workshops
4. reduces the amount of time that passes before the users begin to see a working system
5. accelerates the requirements analysis and design phases

49 Request for quotation (RFQ) is

1. a document that compares business and technical requirements of a commercial application package against the capabilities and features of a specific commercial application package
2. a document that communicates business, technical, and support requirements for an application software package to vendors that wish to compete for the sale of that application package and services
3. a document that communicates business, technical, and support requirements for an application software package to a single vendor that has been determined as being able to supply that application package and service
4. a contract with management and the user community to develop or enhance an information system
5. none of the above

50 Which of the following phases is unique to the commercial application package implementation strategy as opposed to the rapid application development strategy

1. problem analysis
2. construction and testing
3. scope definition
4. requirements analysis
5. business process design

51 A model-driven analysis approach that focuses on the structure of stored data in a system rather than on processes is

1. structured analysis
2. information engineering
3. rapid architected analysis
4. object-oriented analysis
5. none of the above

52 All of the following are phases of systems analysis, except

1. decision analysis phase
2. requirements analysis phase
3. design analysis phase
4. problem analysis phase
5. scope definition phase

53 Which of the following analysis techniques derive system models from existing system or discovery prototypes?

1. rapid architected analysis
2. object-oriented analysis
3. data modeling
4. discovery prototyping
5. structure analysis

54 Prototypes are used in

1. model-driven analysis
2. object-oriented analysis
3. traditional approaches
4. accelerated systems analysis
5. structured analysis

55 Which of the following is NOT a feasibility analysis criterion?

1. technical feasibility
2. schedule feasibility
3. operational feasibility
4. economic feasibility
5. resource feasibility

56 Which of the following phases identifies and expresses requirements, prioritizes requirements, updates project plan, and communicates the requirements statement?

1. logical design phase
2. decisions analysis phase
3. problem analysis phase
4. systems analysis phase
5. none of the above

57 The tasks of defining acceptance tests, structuring functional requirements, and validating functional requirements are performed in which one of the phases?

1. problem analysis phase
2. decision analysis phase
3. systems analysis phase
4. logical design phase
5. none of the above

58 The task of establishing system improvement objectives is performed in which phase of systems analysis?

1. problem analysis phase
2. logical design phase
3. scope definition phase
4. physical design phase

5. requirements analysis phase

59 The task of identifying and expressing system requirements is performed in which phase of systems analysis?

1. problem analysis phase
2. logical design phase
3. scope definition phase
4. requirements analysis phase
5. none of the above

60 Cause-and-effect analysis is performed in the following phase of systems analysis

1. scope definition phase
2. logical design phase
3. requirements analysis phase
4. physical design phase
5. problem analysis phase

61 A property or quality the system must have is called a:

1. scope
2. functional requirement
3. preliminary requirement
4. nonfunctional requirement
5. none of the above

62 The process of requirements discovery consists of the following activities, except

1. requirements management
2. sampling of existing documentation, forms and files
3. requirements discovery
4. problem discovery and analysis
5. documenting and analyzing requirements

63 Which one is NOT a common fact-finding technique?

1. prototyping
2. interviews
3. research and site visits
4. sampling of existing documents, forms, databases
5. reverse engineering

64 A fact-finding technique that involves a large number of observations taken at random intervals is called:

1. randomization
2. stratification
3. people sampling
4. work sampling
5. none of the above

65 Which one of the following fact-finding techniques is an inexpensive means of gathering data from a large number of individuals?

1. observations
2. work sampling
3. interviews
4. proxemics
5. none of the above

66 Randomly sampling ten invoices based on a given sample size would be an example of

1. stratification
2. closed-ended sampling
3. observation
4. open-ended sampling
5. none of the above

67 All of the following are examples of requirements problems, except

1. missing requirements
2. overlapping requirements
3. costly requirements
4. conflicting requirements
5. ambiguous requirements

68 Which of the following types of questions should not be asked on an interview?

1. closed-ended questions
2. biased questions
3. open-ended questions
4. loaded questions
5. both (b) and (d)

69 Which of the following is an advantage of discovery prototyping?

1. serves as a training mechanism for users
2. allows users and developers to experiment with the software and develop an understanding of how the system might work
3. aids in building system test plans and scenarios

4. aids in determining the feasibility and usefulness of the system before high development costs are incurred

5. **all of the above**

70 Which of the following is NOT a guideline for successfully conducting a Joint Requirements Planning (JRP) session?

1. stay on schedule

2. allow for ample breaks

3. encourage user and management participation

4. **brainstorm technical alternatives to problems identified in a JRP session**

5. ensure that the scribe is able to take notes

71 The person generally responsible for the program design strategy, standards, and construction is called a(n):

1. program librarian

2. backup chief programmer

3. network designer

4. **chief programmer**

5. systems analyst

72 Which one of the tests is performed on a subset of a program?

1. subset test

2. unit test

3. **stub test**

4. program test

5. system test

73 Which of the following is the last phase of the Systems Construction phase?

1. build and test databases

2. **write and test new programs**

3. prepare conversion plan

4. build and test networks

5. none of the above

74 Which installation strategy is a variation on the abrupt and parallel conversion?

1. location conversion

2. **staged conversion**

3. partial conversion

4. hierarchical conversion

5. none of the above

75 Which of the following is(are) the task(s) of the Systems Conversion phase?

1. prepare conversion plan

2. train users

3. convert to new system

4. **build and test networks**

5. none of the above

76 Which of the tests is a final system test performed by end users using real data over an extended period of time?

1. final test

2. complete test

3. **systems acceptance test**

4. parallel test

5. none of the above

77 Which of the following is(are) the primary inputs into the task of writing and testing new programs?

1. programming plan

2. database structure

3. test data

4. integration requirements

5. **both (a) and (c)**

78 Which of the following is the first phase of the Systems Implementation phase?

1. **conduct system test**

2. build and test networks

3. prepare conversion plan

4. build and test databases

5. write and test new programs

79 Which of the following is(are) the deliverables of the Systems Implementation phase?

1. training materials

2. functional system

3. physical design specification

4. **operational system**

5. none of the above

80 Which of the following is(are) the inputs to the Systems Construction phase?

1. design prototypes
2. redesigned business processes
3. physical design specifications
4. documentation
5. **all of the above**

81 Which of the following is(are) an input process method(s)?

1. smart card
2. biometric
3. optical mark
4. point-of-sale
5. **all of the above**

82 A form used to record data about a transaction is a(n)

1. batch document
2. **source document**
3. on-line document
4. data entry document
5. none of the above

83 Combination checks:

1. determine data entry errors on primary keys
2. ensure that the correct type of data is input
3. **determine whether a known relationship between two fields is valid**
4. determine whether all required fields of the input have actually been entered
5. none of the above

84 Which of the following is NOT an advanced input control?

1. radio button
2. slider edit calendar
3. spin box
4. **both (a) and (c)**
5. Internet hyperlink

85 If you need a student to select from a list of eighty courses of the university's on-line catalogue, your best choice for a GUI control would be:

1. check box
2. radio buttons
3. **drop-down list**
4. combination box
5. Internet hyperlink

86 If you need to collect employee status information (e.g., full-time vs. part-time) on a computer screen, your best choice for a GUI control would be:

1. drop-down list
2. masked edit control
3. **radio buttons**
4. spin box
5. none of the above

87 Remote batch processing has the following characteristic(s):

1. Data is entered online.
2. Data is collected in batches.
3. Data is processed at a later time.
4. **both (a) and (b) and (c)**
5. none of the above

88 Optical character recognition:

1. is less prevalent than optical mark recognition
2. is used on forms for subjective-based questions on exams
3. requires the user to carefully handwrite input data on a business form
4. **both (a) and (c)**
5. both (a) and (b) and (c)

89 Which of the following advanced input controls provides a nonnumeric means of selecting a value?

1. ellipsis control
2. Internet hyperlink
3. check list box
4. **slider edit calendar**
5. none of the above

90 In cases where the data item has a large number of predefined values and screen space is tight, the following GUI control should be used for an input:

1. combination box
2. **drop-down list**
3. list box
4. ellipsis control
5. none of the above

91 Which of the following reports presents information with little or no filtering or restrictions?

1. non-filtered
2. Summary
3. External
4. exception
5. none of the above

92 A list of the names of all customers who purchased only one product within a six-month period would be an example of a(n):

1. detailed report
2. summary report
3. exception report
4. external report
5. none of the above

93 A listing of the names and addresses of all the employees for an organization would be an example of a(n):

1. detailed report
2. summary report
3. external report
4. exception report
5. none of the above

94 The most common medium for computer outputs is:

1. screen
2. Paper
3. e-mail
4. microfilm
5. none of the above

95 Which of the following reports categorizes information for managers who are not interested to wade through the details?

1. external
2. Detailed
3. Exception
4. supplemental
5. none of the above

96 A turnaround output is an example of

1. internal output
2. external output
3. summary output
4. exception output
5. none of the above

97 A count of the number of students who earned A, B, C, D, and F grades in a given course would be an example of a(n):

1. external report
2. summary report
3. detailed report
4. exception report
5. none of the above

98 Which kind of chart is useful for comparing series or categories of data, each in its own bar?

1. line chart
2. pie chart
3. scatter char
4. bar chart
5. none of the above

99 Which of the following is NOT a general principle for output design?

1. The distribution of (or access to) computer outputs must be sufficient to assist all relevant users.
2. The computer outputs should be designed with automated tools.
3. The computer outputs must be acceptable to the system users.
4. Computer outputs should be simple to read and interpret.
5. The timing of computer outputs is important. Output information must reach recipients while the information is pertinent to transactions or decisions.

100 Which of the following is(are) the step(s) in the output design process?

1. specify physical output requirements
2. identify system outputs and review logical requirements
3. design, validate, and test outputs
4. design any preprinted forms
5. all of the above

101-The information of MIS comes from the

- a. Internal source
- b. External source
- c. Both internal and external source
- d. None of the above

(Ans: c)

102-The back bone of any organization is

- a. information b. employee c. management d. capital
(Ans: a)

103-AI is the short form of

- a. Artificial information b. Artificial intelligence
c. Artificial integration d. None of the above
(Ans: b)

104-The advantage(s) of transistors are they

- a. Are portable b. Are more reliable
c. Consume less power d. All of the above
(Ans: d)

105-The flow of information through MIS is

- a. need dependent b. organization dependent
c. information dependent d. management dependent
(Ans: a)

106-The elements of control will consist of

- a. Authority, Direction, Management b. Authority, Direction, Information
c. Authority, Application, Management d. Authority, Application, Information
(Ans: a)

107-Internal information for MIS may come from any one of the following department.

- a. Customers care department b. HR department
c. Marketing department d. Production department
(Ans: a)

108-Audit gives details about _____ to Account Payable System

- a. Account balance b. Transaction
c. Expenditure d. All of the above
(Ans: a)

109-One byte is made of

- a. Four bits b. Eight bits
c. Twelve bits d. Sixteen bits
(Ans: b)

110-MIS normally found in a manufacturing organization will not be suitable in the ____.

- a. Service sector b. Banking sector
c. Agriculture sector d. All of the above
(Ans: a)

PREVIOUS YEAR QUESTIONS

1. Which one of the following MIS systems is designed to capture, collect or enter the data to process in a certain specified manner for further processing?

- a. business function processing system b. transaction processing system
c. data processing system d. integrated information processing system

2. Which one of the following is considered as threat to database and DBMS?

- a. firewalls b. insertion of viruses
c. unauthorized access d. log of system failure

3. What is 'Black Chain' in the field of information technology?

- a. motherboard protection device
b. protection of details of electronic transactions

- c. taking random snaps of electronic transactions
d. blocking continuous electronic transactions
4. in the absence of which of the following, SPSS can be used as an alternative?
a. MS Word b. MS Excel c. MS Access d. MS Datapro
5. A graphic tool to trace the interaction of several workers with one machine is termed as
a. gang process chart b. flow process chart
c. activity chart d. operation chart
6. Which one of the following is not the major feature of internet?
a. open b. expensive c. global d. untrusted
7. Match the following

List-I	List-II
a. stock files are placed in warehouse as a record	1. daily report
b. process of managing goods in most sensible way	2. intranet
c. management information system	3. master file
d. log in allowed to only internal people	4. stock control

Codes:

	A	B	C	D
a.	3	4	1	2
b.	4	3	2	1
c.	3	1	4	2
d.	1	2	3	4

8. Which of the following is not a technology driver for an information system?
a. knowledge asset management b. enterprise applications
c. object technology d. networks and internet
9. A self-contained internet program designed to be used in a specific environment s
a. active -X b. application programmer interface
c. applet d. artificial intelligence
10. Which among the following are the examples of key less interfaces
a. Mouse, OCR, Pen and voice recognition b. keyboard, OCR, pen and voice recognition
c. Bar coding. OCR, pen and voice recognition d. none of the above
11. Decision support system does not use
a. analytical models b. specialized databases
c. file server d. computer based modelling process
12. Give the correct order of the stages in 'System Development'
a. Testing → Programming → System design → system analysis → conversation → production and maintenance.
b. programming → testing → system analysis → system design → conversion → maintenance
c. system analysis → system design → programming → testing → conversion → production and maintenance
d. production and maintenance → testing → conversion → programming → system design → systems analysis

13. Match the following

LIST-I	LIST-II
a. four- part numeric address indicating a unique computer location on the internet	1. DNS
b. a hierarchical system of services maintaining database enabling the conversion of domain names of their IP address.	2. Gopher

c. tool for retrieving and transferring file from a remote computer.	3. IP
d. a tool that enables the user to locate information stored on internet servers through a series of easy to use hierarchical menus.	4. FTP

Codes:

	A	B	C	D
a.	1	3	2	4
b.	2	1	4	3
c.	3	4	1	2
d.	3	1	4	2

14. The language used to develop interactive 3D modelling on world wide web is called as
a. XML b. JAWA c. HTML d. VRML

15. software that credit card and other information to facilitate payment for goods on the web is
a. electronic cash b. digital wallet
c. smart card d. electronic cheques

16. The _____ and its alternatives provides the ability to serve dynamic content to browsers
a. common gateway interface b. cryptography
c. general pocket radio service d. cellular digital pocket data

17. Which is the most suitable domain extension for an Indian NGO to do e-business
a. .gov b. .com c. .org d. .us

18. Which of the following online analytical processing (OLAP) functions refers to the process to choose the dimensions of analysis to suit analyst's viewpoints?
a. clustering b. drilling
c. scattering d. scicing and dicing

19. which of the following is not microprocessor?
a. 8080 b. 68020 c. Pentium core duo 8600 d. 2020

20. what seqartes the physical aspects of data storage from the logical aspects of data representation?
a. schema b. relationships c. constraints d. data

Answer Keys:

1=C	2=C	3=B	4=B	5=A	6=B	7=A	8=A	9=C	10=C
11=C	12=C	13=D	14=D	15=B	16=A	17=C	18=D	19=D	20=C

UNIT-14

ENTREPRENEURSHIP DEVELOPMENT

1. Who said, 'An entrepreneur always searches for change responds to it and exploit it as an opportunity'?

- a. James Burna
- b. McClelland
- c. Peter F Drucker
- d. Robert C Ronstadt

2. The entrepreneurial process consists of the following steps

- 1. Management of the resulting enterprise
- 2. Determination of the required resources.
- 3. identification and evaluation of the opportunity
- 4. development of the business plan.

Codes:

- a. 3, 4, 1, 2
- b. 4, 1, 3, 2
- c. 3, 4, 2, 1
- d. 4, 1, 2, 3

3. An entrepreneur who is dominated more by customs, religions, traditions and past practices and he is not ready to take any risk is called as

- a. drone entrepreneur
- b. adoptive entrepreneur
- c. Fabian entrepreneur
- d. innovative entrepreneur

4. 'Poverty is an artificial creation, it does not belong to human civilization and we can change that and can make people come out of poverty through redesigning our institutions and policies. 'This preamble refers to

- a. women entrepreneurship
- b. corporate entrepreneurship
- c. social entrepreneurship
- d. none of the above

5. A sound business opportunity is the result of appropriate interaction between

- a. needs of the society
- b. capabilities of an entrepreneurship
- c. resources available in the environment
- d. all of the above.

6. 'An entrepreneurship always searches for change, responds to it and exploit it as an opportunity.'

- a. FW Taylor
- b. Peter F Drucker
- c. JR Tulsian
- d. Max Weber

7. Which is not the object of 'Entrepreneurship Development Programmes?

- a. to create successful entrepreneur
- b. To remove doubts of entrepreneurs and to give solutions to the problems
- c. to create awareness about government schemes and programmes
- d. none of the above

8. Which of the following statements are correct?

- 1. Library is and underutilized source of information while generating business ideas.
- 2. an idea is a favorable set of circumstances that creates a need for a new product, service or business.
- 3. often, entrepreneurs are able to pursue an opportunity even before it is recognized as an opportunity.
- a. both 1 and 2
- b. both 1 and 3

c. both 1 and 3

d. both 2 and 3

9. Which of the following are the roles of rural entrepreneurship?

- a. decentralized industrial development, better distribution of wealth and investment.
- b. reduction of poverty and unemployment.
- c. check on migration of rural population
4. creating funds for the industries in urban areas.
5. helps capital formation.
6. balanced regional development
7. promotion of artistic activities

Codes

a. 1, 3, 2, 5, 4, 6

b. 1, 2, 3, 4

c. 1, 2, 3, 5, 6, 7

d. 1, 2, 3, 4

10. Which of the following schemes does not function for Rural entrepreneurs?

- a. Rajiv Gandhi Udyami Mitra Yojana (RGUMY).
- b. Performance and Credit Rating scheme (Implemented through National small industries corporation –NSIC)
- c. product development design intervention and packaging (PRODIP)
- d. Swarna Jayanti Gramin Swarojgar Yojana
5. Jawahar Rojgar Yojana

Codes:

a. 1, 3, 4, 5

b. 1, 2, 4, 5

c. both 4 and 5

d. 2, 4, 5

11. Which of the following statements are true?

1. Principles of entrepreneurship may be applied to business but not to government and society.
2. The criteria for small business are capital invested and not the type of business or number of workers
3. Innovation and entrepreneurship is written by Peter F Drucker
4. Kiran Mazumdar is one of the women entrepreneur in India.

Codes:

a. 1, 2, 3

b. 2, 3, 4

c. 1, 3, 4

d. All of the above

12. Arrange the sequence of entrepreneurship development.

1. clear view of the objective of the program.
2. selecting the potential targets.
3. identifying local talents and markets
4. choosing the right location
5. tying up with institutions
6. develop the entrepreneurship program as needed
7. analyze the result for future development.

Codes:

a. 1, 3, 2, 4, 5, 6, 7

b. 1, 2, 3, 4, 5, 6, 7

c. 1, 2, 4, 3, 5, 6, 7

d. 1, 4, 2, 3, 5, 6, 7

13. Which among the following is not a rural entrepreneur?

1. Mansukhbhai Patel
2. Chanda Kochar
3. Mansukhbhai Prajapati
4. Dadaji Khobragade
5. Indira Nooyi
6. Indu Jain
7. Chintakindi Malleshham
8. Madanlal Kumawat
9. Kailash Katkar
10. Jyothi Reddy

Codes

a. 1, 2, 5

b. 1 3 5

c. 2 4 5

d. 2 5 6

14. Versioning meansa

- a. producing a number of different options for your information based product

- b. producing a number of cost option
- c. intellectual property is intangible property
- d. all of the above

15. which is the major hurdles in creative behavior?

- a. prejudice
- b. fear of ridicule
- c. fear of failure
- d. all of these

16. an identification of creativity is based on

- a. advance thinking
- b. power of cooperation
- c. originality
- d. All of these

17. Which statement is true?

- a. Venture Capital is outside equity that comes from professionally managed pool of investor money
- b. temporary working capital is the amount needed to meet seasonal or cyclical demand
- c. Permanent working capital is the amount needed to produce goods and services at the lowest point of demand.
- d. all of the above

18. Which is the preliminary preparation stage of new unit?

- a. selection of business
- b. assessing risk
- c. knowledge government policy
- d. all of the above

19. The _____ means a course of preceding, the outcome of which is uncertain but which is accompanied by the risk of danger of loss.

- a. share capital
- b. venture
- c. capitalization
- d. entrepreneurship

20. _____ is through as a creative capital which is exercised to perform economic functions different from other investment vehicles which primarily serve as expansion capital

- a. share capital
- b. fixed capital
- c. venture capital
- d. equity capital

21. which of the following statements are correct?

Statement I Brainstorming is generating ideas depends on freewheeling, the carefree expression of ideas free of rules or restraints.

Statement II Focus groups usually work best as follow up to brain storming.

Codes:

- a. both statements are correct
- b. both statements are incorrect
- c. statement I is correct but statement II is incorrect
- d. statement I is correct but statement II is correct

22. Which of the following statements are correct?

Statement I It is more likely that an entrepreneur will get a business idea through a weak-tie relationship (infrequent interaction between casual acquaintances), than through a strong-tie relationship (frequent interaction between friends and co-workers).

Statement II Brainstorming sessions are structured discussions that stay focused on one idea until an opportunity is identified.

Statement III Much of the effectiveness of a focus group session depends on the careful recruiting of over 20 participants.

Codes:

- a. both I and II
- b. only III
- c. only I
- d. Both II and III

23. Which of the following statements are correct?

Statement I An intrapreneur has high vision but low in action.

Statement II An intrapreneur is the innovator in an existing firm.

- a. both statements are correct
- b. both statements are incorrect
- c. statement I is correct but statement II is incorrect
- d. statement II is correct but statement I is incorrect.

24. Which of the following statements are correct?

Statement I The first stage in project development process is feasibility.

Statement II Feasibility analysis is done after the preparation of business plan.

Statement III Feasibility analysis comparison of market, technical operational, organisational and financial analysis.

Codes

- a. both statements I and II
- b. both statements II and III
- c. both statements I and III
- d. all of the above

25. which of the following statements are correct?

Statement I An entrepreneur takes initiatives and does things before they are asked to do.

Statement II Entrepreneurs have external locus of control and highly rely on intuition.

Statement III Entrepreneurs are highly associated with team work and group decision making.

Codes:

- a. Both I and II
- b. Both II and III
- c. Both I and III
- d. all of the above

Directional (Q. Nos. 26-31) In the questions given below are two statements labelled as Assertion (A) and Reason (R). In the context of the two statements, which one of the following is correct?

Codes:

- a. both A and R are correct and R is correct explanation of A.
- b. both A and R are correct but R is incorrect explanation of A.
- c. A is correct but R is incorrect.
- d. A is incorrect but R is correct.

26. Assertion (A) An intrapreneur is focused on the processes comprising the company rather than the business as a whole. An intrapreneur takes risks and drives innovation within a business for better serving the marketplace through increased goods and services.

Reason (R) An intrapreneur is always resolving a specific issue, such as increasing productivity; this person requires skills directly applicable to the assignment.

27. Assertion (A) Business plan is a document that describes a new business, its products or services, how it will earn money, leadership and staffing, financing, operations model, and other details that are essential to both operation and success.

Reason Investors rely on business plans to evaluate the feasibility of a business before funding it, which is why business plans commonly are associated with getting a loan.

28. Assertion (A) The Indian Government has come up with various schemes to foster the idea of women entrepreneurship.

Reason ® Women entrepreneurs face challenges from the patriarchal society along with to become an entrepreneur.

29. Assertion Rural economic growth and development is a vital pre-condition for the country's development as a whole.

Reason For decades India has been regarded as a village country where 3/4th of the population still resides in small towns and villages. They earn livelihood from agriculture and ancillary activities.

30. Assertion Brainstorming is used when the individual want to do away from traditional thinking styles.

Reason The ideas generated are prompt and related to a specific product or market.

ANSWER KEYS

1=C	2=C	3=C	4=C	5=D	6=B	7=A	8=C	9=C	10=C
11=D	12=B	13=D	14=A	15=D	16=D	17=D	18=D	19=B	20=C
21=A	22=C	23=D	24=C	25=C	26=B	27=C	28=A	29=A	30=B

PREVIOUS YEAR QUESTIONS

1. Given below are two statements, one labelled as Assertion (A) and the other Labelled as Reason ®. Read the statements and choose the correct answer using the code given below.

Assertion (A) Entrepreneurial innovation and experimentation constantly destroy the old and introduce new equilibrium, making possible higher standards of living.

Reason Markets do not passively tend towards equilibrium until profit margins are wiped out.

Codes

- Both A and R are correct and R is the correct explanation of A
- Both A and R are correct but R is not correct explanation of A
- A is correct but R is incorrect
- Both A and R are incorrect

2. Match the items of list-I with list-II

LIST-I	LIST-II
a. Fabian entrepreneurs	1. industry leaders
b. drone entrepreneurs	2. found in the places where there is a lack of resources.
c. Imitating entrepreneurs	3. reluctant to change
d. innovative entrepreneurs	4. skeptical about the changes to be made in the organization.

Codes:

- | | | | | |
|----|---|---|---|---|
| | A | B | C | D |
| a. | 4 | 3 | 2 | 1 |
| b. | 4 | 2 | 3 | 1 |
| c. | 3 | 2 | 4 | 1 |
| d. | 1 | 2 | 4 | 3 |

3. Who among the following are associated with the concept of 'Entrepreneurship'?

- Richard Cantillon
- Lionel Robbins
- Adam Smith
- Jean Baptiste Say
- Joseph Schumpeter

Codes

- 1 2 3 4
- 2 3 4 5
- 1 3 4 5
- 1 2 4 5

4. Choose the correct code for the following statements being correct or incorrect.

Statement I An intrapreneur is a person within a large corporation who takes direct responsibility for turning an idea into a profitable finished product through assertive risk taking and innovation.

Statement II Intrapreneurship refers to employees initiatives in Organisations to undertake something new, without being asked to do so.

Codes

- a. statement I is correct but statement II is incorrect
 b. statement II is correct but statement I is incorrect
 c. Both statements are correct
 d. Both statements are incorrect
5. Which one among the following is not a factor external to an entrepreneur?
 a. machinery on hire purchase
 b. accommodation in industrial estates
 c. financial assistance from non-government sources
 d. business experience in the same or related line
6. Individuals who are the founders of the business and conceptualize a business plan by putting efforts to make the plan a success are known as
 a. quasi entrepreneurs b. bold entrepreneurs
 c. pure entrepreneurs d. owner manager
7. match the following

LIST-I	LIST-II
a. entrepreneurship is essentially a creative activity	1. Fransis A Walker
b. An entrepreneur is an organized and coordinator of various factors of production	2. Peter F Drucker
c. An entrepreneur is one who always searches for change, responds to it, and exploits it as an opportunity.	3. Joseph Schumpeter

Codes:

	A	B	C
a.	3	1	2
b.	3	2	1
c.	2	1	3
d.	2	3	1

8. who among the following bridges the gap between inventors and managers?
 a. investor b. entrepreneur
 c. industrialist d. intrapreneur
9. Preparation of business plan as a perquisite to a promotion of a business enterprise relates to which one of the following?
 a. there is no flaws in the business idea, the fashion, conviction and tenacity of the entrepreneur
 b. make arrangement for finance and prevent occurrence of NPAs by business entity
 c. ensure that business entity works at break-even level.
 d. make plan to raise finance from market and alternative investment opportunities
10. elements of entrepreneurial competencies, according to the theorist of the subject pertain to which one of the following?
 a. body of knowledge, set of skills, cluster of appropriate motives and traits
 b. ability to prepare viable project, executorial skills and materialization of group goals
 c. ability to work in a group , enforce group dynamics and motivate employees
 d. assigning priorities to hierarchy of Maslow's monetary needs and non-monetary needs.

11. Match the following

List-I	List-II
a. Richard Cantillon	1. entrepreneur must accept the challenge and

	should be willing hard to achieve something
b. Joseph A Schumpter	2. entrepreneurs are all those persons who are engaged in economic activity
c. JK Golbarith	3. entrepreneur is a person who introduces innovation and change.

Codes

	A	B	C
a.	3	1	2
b.	1	3	2
c.	2	3	1
d.	2	1	3

12. Total quality management, job redesigning, new techniques of doing things and management by consensus are the examples of which one of the following?

- a. opportunistic entrepreneurship b. administrative entrepreneurship
c. incubative entrepreneurship d. mass entrepreneurship

13. which one of the following is not a personal feature of an entrepreneur?

- a. innovative b. hardworking
c. practical d. submissive

14. non-availability of required project planning capability is due to _____ -

- a. poor general management b. poor professional management
c. poor entrepreneurial management d. poor marketing management

15. Assertion A The function of entrepreneurs is to reform or revolutionize the pattern of production by exploiting an invention or more generally an untried technological possibility for producing a new commodity or producing an old one in a new way.

Reason Lack of innovations will usually reduce the life span of a product.

Codes:

- a. both A and R are correct and R is the correct explanation of A
b. both A and R are correct but R is not the correct explanation of A
c. A is correct but R is incorrect
d. R is correct but A is incorrect

16. A business idea becomes a good business opportunity when it covers which four of the following?

1. attractiveness 2. Foreign collaborations
3. political support 4. Timelines
5. durability 6. Value addition to end user

Codes

- a. 1 2 4 5 b. 1 2 5 6 c. 1 4 5 6 d. 2 3 5 6

17. Which of the following are correct for an entrepreneur?

1. he is an independent person
2. he makes his or her own decisions
3. he has the opportunity of realizing dreams
4. he has good financial strength
5. he has undergone a systematic business training
6. he has immense job satisfaction

Codes:

- a. 1 2 3 4 b. 1 2 3 5 c. 1 2 3 6 d. 1 2 4 5

18. Who viewed entrepreneur as a non-fixed income earned with known costs of production but uncertain income and therefore, operating at a risk?
- Adam Smith
 - Richard Contillon
 - Jean Baptiste Say
 - Francis Wolker
19. Which one of the following is not a major area of entrepreneurial innovation as suggested by Joseph Schumpeter?
- innovation product
 - process innovation
 - market innovation
 - structural innovation
20. Which one of the following types of entrepreneurs are not proactive in nature and does not respond much to changes in the environment?
- Fabian entrepreneur
 - Adoptive entrepreneur
 - drone entrepreneur
 - innovative entrepreneur

ANSWER KEYS

1=A	2=A	3=C	4=C	5=D	6=C	7=A	8=D	9=A	10=A
11=C	12=B	13=D	14=C	15=B	16=C	17=C	18=B	19=D	20=A

PRACTICE SETS'

- concept of entrepreneurship includes
 - risk bearing capacity
 - a function or organization and coordination
 - managerial ability
 - all of the above
- chief element of entrepreneurship is
 - risk and innovation
 - risk and skills
 - effective management
 - controlling
- which one of the following is not the element of entrepreneurship?
 - creativity
 - accounting
 - strong intuition
 - professionalism
- which of the concept of entrepreneurship?
 - group level reaction
 - organization building
 - high achievement capacity
 - all of the above
- which is the feature of a entrepreneur?
 - ability to innovate
 - capacity to face uncertainties
 - it is a creative activity
 - all of the above
- entrepreneurship is
 - knowledge based behavior
 - it is the vehicle for management to attain success
 - it is a universal activity
 - all of the above
- which is not the object of 'entrepreneurial development programmes?
 - to create awareness about government schemes and programmes
 - to create successful entrepreneur
 - to remove doubts of entrepreneurs and to give solution to their problem
 - none of the above
- which is the object of entrepreneurial development programmer?
 - promotion of self-employment
 - promotion of small scale industries

- c. promotion of first generation businessmen d. all of the above
9. which is the type of entrepreneurship
a. private entrepreneurship b. public entrepreneurship
c. joint entrepreneurship d. all of the above
10. which is the cause of emergence of entrepreneurship?
a. individual factors b. socio-cultural factors
c. environmental factors d. all of these
11. which is the balance point of entrepreneurship?
a. mean of social changes b. increase in employment opportunities
c. optimum utilization of resources d. all of the above
12. which is the objective of entrepreneurship?
a. to develop entrepreneurial tendencies b. to promote innovation
c. establishment of viable units d. all of the above
13. which is not the objective of entrepreneurship?
a. minimum risk burden b. establishing self-sufficient society
c. maximize social problems d. all of the above
14. the entrepreneur is an advanced economy is an individual who _____ something new into the organization, may be in product in process, a new market, a new service which is yet not tested
a. introduces b. produced
c. reduced d. familiarized
15. 'The entrepreneur is more than a manager. He is an innovator and promoter as well.' Who said it
a. Joseph A Schumpter b. Forrest Frantz
c. George Gilder d. Taylor
16. which is the form of entrepreneurship development programme?
a. psychological form b. social form
c. economic form d. all of these
17. an entrepreneurship is one who
a. initiates and establishes an economic activity of an enterprise
b. conceives an idea for a new product
c. converts his idea into profitable business
d. all of the above
18. the form of entrepreneurship can be
a. market innovation b. production innovation
c. technological innovation d. all of the above
19. which is the type of entrepreneur as per Clarence Danh of
a. innovative entrepreneur b. imitative entrepreneur
c. Fabian entrepreneur d. all of the above
20. Which is the type of entrepreneur as per Karl Wesper?
a. sole self-employer entrepreneurs b. workforce builders
c. product innovators d. all of the above

21. the functions of entrepreneurship includes?
a. initiation and risk taking b. project planning
c. corporate restricting d. all of the above
22. which is not a function of entrepreneur?
a. to contribute to social development b. product diversification
c. inspection of floor work d. all of the above
23. the role of entrepreneurs include
a. as a pillar for company b. encourage R&D
c. promoting innovation d. all of these
24. which is a physical quality of an entrepreneur?
a. good health b. impressive personality
c. agreeable looks d. all of the above
25. which is the element of entrepreneurial behavior?
a. profit-orientation b. calculated risk
c. resourcefulness d. all of these
26. which are the factors of entrepreneurship development?
a. mechanism for identifying entrepreneurs b. training and motivation system
c. development of entrepreneurial skill d. all of the above
27. which factor is responsible for development of entrepreneurship?
a. mechanism for identifying entrepreneurs b. training and motivation system
c. development of entrepreneurial spirit d. all of the above
28. skills required in developing entrepreneurship are
a. business skills b. technical skills
c. people skills d. all of these
29. which is the theory of entrepreneurship?
a. psychological theory b. sociological theory
c. economic theory d. all of these
30. which is the concept of entrepreneurship as per 'Thomas Beglet and 'Davis P Boyd'?
a. need achievement b. locus of control
c. tolerance for ambiguity d. all of these
31. Integrated theory includes
a. entrepreneurial disposition theory b. process theory
c. dynamic motivation theory d. all of the above
32. innovation theory includes
a. creating new department b. opening a new market
c. introducing new product d. all of these
33. The factors impeding the growth of entrepreneurs include
a. traditional society b. lack of basic infrastructure
c. lack of entrepreneurship attitude d. all of the above
34. which is the function of entrepreneur as per James Burna?
a. Risk Taker b. capital arrangement

- c. innovation in business d. all of these
35. 'An entrepreneur always searches for change, responds to it and exploit it as an opportunity. Who said it?
- a. Peter F Drucker b. MS Robert
c. CJ Wex d. JR Tulsain
36. Which is type of creativity?
- a. creativity by serendipity b. normative creativity
c. exploratory creativity d. all of the above
37. 'Business is a game of skills which everybody cannot play. Who said this
- a. John Hornaday b. Emerson
c. Henri Daton d. Pearce and Robinson
38. which is the psychological quality of an entrepreneur?
- a. sharp memory b. agility
c. alertness d. all of these
39. which is a social feature of entrepreneur?
- a. fair behavior b. helpful
c. respectful d. all of these
40. which is the ethical quality of entrepreneur?
- a. honesty b. character
c. integrated d. all of these

ANSWER KEYS

1=D	2=A	3=B	4=D	5=D	6=D	7=D	8=D	9=D	10=D
11=D	12=D	13=C	14=A	15=B	16=D	17=D	18=D	19=D	20=D
21=D	22=D	23=D	24=D	25=D	26=D	27=D	28=D	29=D	30=D
31=D	32=D	33=D	34=D	35=A	36=D	37=B	38=D	39=D	40=D

IMPORTANT QUESTIONS

1. An entrepreneur into the hosiery business found out the reason his hosiery was not selling was due to its color. What could be the best source of this information?
- a) Supplier b) **Retailer**
c) Competition d) Government
2. In some countries, points of purchase displays are not allowed in retail stores. Such differences are studied by international entrepreneurs under _____ environment.
- a) Economic b) Political
c) **Cultural** d) Technological
3. Having more than 50% ownership position that provides the entrepreneur with managerial control is called _____.
- a) Joint venture b) **Majority interest**
c) Horizontal merger d) Diversified activity merge
4. The development of a new venture based on an inventor's work often requires _____.
- a) **Expertise of an entrepreneur** b) Heavy investment from financiers
c) Skilled human resources d) Highly educated staff

5. A business where an individual is both the owner and conductor of the business affairs is called _____.
- a) **Sole Proprietorship** b) Partnership
c) Corporation d) None of the above
6. In _____, the entrepreneur has the right to sell any assets.
- a) **Proprietorship** b) Partnership
c) Limited Liability Company d) None of the given options
7. The idea and actions that explain how a firm will make its profits refers to
- a) Mission b) Goal
c) **Strategy** d) Objective
8. Entrepreneurs are best as _____
- a) Managers b) Venture capitalists
c) Planners d) **Doers**
9. Entrepreneurs and ventures capitalists:
- a) Get along well b) Are the best friends
c) Are cordial friends d) **Are in conflict**
10. _____ is one method of stimulating, and then capitalizing on, individuals in an organization who think that something can be done differently and better.
- a) Strategic Orientation b) Capitalization
c) **Intrapreneurship** d) Management
11. The _____ plan shows whether the business is economically feasible or not.
- a. Financial b. **Business**
c. Economic d. Marketing
12. In which of the following, the ownership of venture is reflected by ownership of shares of stock?
- a) Partnership b) Limited partnership
c) **Corporation** d) Proprietorship
13. Entrepreneurship can best be described as:
- a) a process that requires setting up a business
b) taking a significant risk in a business context
c) having a strong vision
d) **a process involving innovation, new products or services, and value creation**
14. The small business 'owner-manager' is always the founder of the business:
- a) True
b) **False** (A management buyout is an example of a business where the owner-manager would probably not have been the founder)
15. Which of these statements best describes the context for entrepreneurship:
- a) Entrepreneurship takes place in small businesses
b) Entrepreneurship does not take place in social enterprises
c) **Entrepreneurship takes place in a wide variety of contexts**
d) Entrepreneurship takes place in large businesses
16. Which of the following are described as one of the 'Big Five' personality traits?
- a) propensity to leadership b) **need for achievement**
c) extravert personality d) tolerance of others

17. The period of business when an entrepreneur must position the venture in a market and make necessary adjustments to assure survival is called the:

- a) pre-startup stage.
- b) **startup stage.**
- c) early growth stage.
- d) later growth stage.

18. Which of the following is a reason why a person might prefer to purchase a franchise rather than open a completely new business?

- a) higher failure rate.
- b) increased independence.
- c) **ability to benefit from previous experience.**
- d) reduced royalty fees.

19. MSMED stands to _____

- a) **Micro, Small & Medium Enterprises Development**
- b) Mini, Small & Medium Enterprises Development
- c) Micro, Small & Medium Entrepreneurship Development
- d) Micro, Small & Medium Enterprises Department

20. Which of the following is an internal factor that influences entrepreneurs?

- a) **Technological Capacity**
- b) Social environment
- c) Political environment
- d) Economic condition

21. _____ requires proper review and reconsideration of the selected alternative before implementing it.

- a) Developing possible alternatives
- b) Selecting the best alternative
- c) **Checking the decision**
- d) Exploring the developed alternatives

22. Which one of the following is an economic barrier to an entrepreneur?

- a) Emotional blocks
- b) **Labour**
- c) Lack of sustained motivation
- d) lack of vision

23. Which of the following enterprises was found by Akio Morita?

- a) Samsung
- b) Apple
- c) Panasonic
- d) **Sony**

24. _____ can be defined as psychological features that enable an individual to take action toward a desired goal?

- a) **Motive**
- b) Trait
- c) Attitude
- d) Ego

25. _____ implies that women entrepreneurs are now economically independent and take decisions independently.

- a) Better utilization of resources
- b) **Improved quality life**
- c) Economic development
- d) Employment generation

26. Financial feasibility analysis can be done by comparing _____ with the estimated sales figure.

- a) cash flow statement
- b) balance sheet
- c) **break-even point**
- d) profit and loss statement

27. Which of the following is not considered while selecting the region?

- a) Law and order
- b) **Price of land**
- c) Availability of raw materials
- d) Proximity to the product market

28. Which one of the following is the step involved in setting up a new enterprises?

- a) Creating a business plan
- b) Making a product choice

c) Selecting the location

d) Setting up infrastructure

29. The parties involved in franchise business are _____.

a) 1

b) 2

c) 3

d) 5

30. If someone starts a new business that is a service station, this is an example of a(n):

a) new concept/new business.

b) new concept/existing business

c) existing concept/new business.

d) existing concept/existing business

31. Which of the following principles of project management defines and controls the functions that are to be included in the system?

a. Project quality management

b. Project time management

c. Project cost management

d. Project scope management

Answer: D

32. A(n) _____ is one that can be measured or estimated in terms of Rupee and that accrue to the organization.

a. net present value (NPV)

b. tangible benefit

c. breakeven point

d. intangible benefit

Answer: B

33. A determination of economic feasibility of the project always requires a thorough _____.

a. cost/benefit analysis

b. proof of concept prototype

c. system scope document

d. work breakdown structure (WBS)

Answer: A

34. A(n) _____ is a good tool for monitoring the progress of a project as it moves along.

a. entity-relationship diagram (ERD)

b. Gantt chart

c. work breakdown structure

d. context diagram

Answer: B

35. The _____ is a sequence of tasks that cannot be delayed without causing the project to be completed late.

a. Float

b. critical path

c. payback period

d. Milestone

Answer: B

36. An example of an intangible benefit is _____.

a. increased levels of service

b. reduced employee morale

c. lost productivity

d. lost customers

Answer: A

37. Which of the following principles of project management identifies all stakeholders?

a. Project Risk Management

b. Project Communication Management

c. Project Human Resource Management

d. Project Time Management

Answer: B

38. Projects initiated through strategic planning are sometimes described as _____ projects

a. Critical

b. top-down

c. Prototype

d. Weighted

Answer: B

39. A _____ combines three components: the problem description, the business benefits, and the system capabilities.

a. proof-of-concept prototype

b. context diagram

- c. system scope document d. data flow diagram (DFD)

Answer: C

40. A ____ describes the purpose of the new system, the potential start and completion dates, and the key stakeholders and sponsors of the new system.

- a. cost/benefit analysis b. project schedule
c. work breakdown structure (WBS) d. project charter

Answer: D

41. ____ are normally described in terms of the influences that can change the financial statements, either by decreasing costs or increasing revenues.

- a. Work breakdown structures b. Intangible benefits
c. Scope documents d. Business benefits

Answer: D

42. During the planning phase of the system development life cycle (SDLC), the ____ helps to define the scope of the problem.

- a. critical path method (CPM) chart b. project evaluation and review technique (PERT) chart
c. proof of concept prototype d. context diagram

Answer: D

43. There are two general approaches for building a ____: (1) by deliverable and (2) by a sequential timeline.

- a. system scope document b. work breakdown structure (WBS)
c. proof of concept prototype d. context diagram

Answer: B

44. The objective of ____ is to calculate a percentage return so that the costs and benefits are exactly equal over the specified time period.

- a. return on investment (ROI) b. project evaluation and review technique (PERT)
c. cost/benefit analysis d. net present value (NPV)

Answer: A

45. The objective of ____ is to determine a specific value based on a predetermined discount rate.

- a. project evaluation and review technique (PERT) b. return on investment (ROI)
c. cost/benefit analysis d. net present value (NPV)

Answer: D

46. Which of the following is a responsibility of the project manager from an external perspective?

- a. report project status and progress b. assess project risks
c. assess team members to tasks d. develop project schedule

Answer: A

47. Which of the following is true of a team leader?

- a. has high to almost total authority
b. primarily leads big IT projects
c. may have both project management duties and some technical duties
d. works primarily on projects in which the all business functions are interdependent

Answer: C

48. When someone has a phobia of computers which may cause problems in the deployment of a new information system, this should be determined during ____.

- a. Risk analysis b. Technological feasibility analysis
c. Economic feasibility analysis d. Cultural feasibility analysis

Answer: D

49. The objective in assessing ____ is to determine whether a development project has a reasonable chance of success.

- a. Risk
- b. resource requirements
- c. Feasibility
- d. slack time

Answer: C

50. Which of the following describes the activities that the system must perform—that is, the business uses to which the system will be applied?

- a. Functional requirements
- b. General requirements
- c. User requirements
- d. Technical requirements

Answer: A

51. Clients play what role in the development of a new system?

- a. Develop the project plan
- b. Fund the project
- c. Define the business processes
- d. Lead the project team

Answer: B

52. Questionnaires can be useful in information gathering when users ____.

- a. are widely distributed geographically
- b. need prompting to respond to questions
- c. are not well-informed
- d. do not have time for interviews

Answer: A

53. Questions that have a simple, definitive answer are called ____ questions.

- a. Opinion
- b. closed-ended
- c. open-ended
- d. multiple choice

Answer: B

54. Which of the following is normally the most time-consuming and resource-expensive operation?

- a. Building prototypes
- b. Observing business processes
- c. Reviewing existing reports
- d. Interviewing stakeholders

Answer: D

55. Questionnaires can be used to ask questions that ____.

- a. determine user opinions
- b. determine the stakeholders
- c. define the system functions
- d. detail user procedures

Answer: A

56. During a fact-finding interview, an important guideline is ____.

- a. to minimize importance of the user participants
- b. to include as many users as possible
- c. not to waste project time by including too many analysts
- d. to probe to get sufficient details

Answer: D

57. A prototype has which of the following characteristics?

- a. Includes work procedures, both extensive and throwaway
- b. Is operative and executable, is focused on a specific objective, is quickly built
- c. Has good look and feel, is executable, and is complete
- d. Is quickly built, has mock-up, and is complete

Answer: B

58. The type of prototype used during the analysis phase is the ____ prototype.

- a. discovery b. evolving c. interface d. functioning

Answer: A

59. The purpose of joint application design (JAD) is to ____.

- a. establish a design environment b. design a prototype
c. expedite the design of the system d. expedite the investigation of system requirements

Answer: D

60. A group support system (GSS) is a computer system that ____.

- a. facilitates group discussion sessions b. supports all employees in the same group
c. provides secure access to a group of users d. permits users to form personal groups

Answer: A

61. The objective of a structured walkthrough is to ____.

- a. fix problems in the system b. inform the project leader of progress
c. find errors and problems d. walkthrough a piece of work

Answer: C

62. The strength of closed-ended questions is that they ____.

- a. invite discussion and elaboration b. limit answers to a set of choices
c. invite opinions d. invite comments

Answer: B

63. A ____ model shows what the system is supposed to do in great detail, without committing to any one technology.

- a. Logical b. physical c. vertical d. horizontal

Answer: A

64. ____ requirements are based on the procedures and rules that the organization uses to run its business.

- a. Physical b. Functional c. Logical d. System

Answer: B

65. A ____ is the sequence of processing steps that completely handles one business transaction or customer request.

- a. Model b. prototype c. mock-up d. workflow

Answer: D

66. A(n) ____ describes the various user (or system) activities, the person who does each activity, and the sequential flow of these activities.

- a. activity diagram b. synchronization bar
c. mock-up d. swim lane

Answer: A

67. ____ sessions have been largely successful in reducing project development efforts and shortening the schedule.

- a. Business process reengineering (BPR) b. Group support system (GSS)
c. Swimlane d. Joint application design (JAD)

Answer: D

68. The first item to be reviewed during a structured walkthrough is the documentation that was developed as part of the ____ phase of the systems development life cycle (SDLC).

- a. Design b. planning
c. analysis d. implementation

Answer: C

69. The modern structured analysis technique uses data flow diagrams (DFDs) and ____.

- a. entity-relationship diagrams (ERDs)
- b. activity diagrams
- c. decision support systems (DSS)
- d. workflows

Answer: A

70. ____ requirements are sometimes considered a subset of performance requirements.

- a. Technical
- b. Reliability
- c. Usability
- d. Security

Answer: B

71. ____ requirements may apply to areas such as network communications and storage.

- a. Technical
- b. Security
- c. Usability
- d. Reliability

Answer: B

72. The term “____” refers to all the people who have an interest in the successful implementation of the system.

- a. Users
- b. Clients
- c. middle managers
- d. stakeholders

Answer: D

73. ____ requirements describe operational characteristics related to the environment.

- a. Performance
- b. Technical
- c. Reliability
- d. Usability

Answer: B

74. ____ requirements describe operational characteristics related to users.

- a. Usability
- b. Technical
- c. Reliability
- d. Performance

Answer: A

75. ____ requirements are most often documented in graphical and textual models.

- a. Security
- b. Nonfunctional
- c. Technical
- d. Functional

Answer: D

76. A representation of some aspect of the system being built is a ____.

- a. Tool
- b. technique
- c. Model
- d. GUI

Answer: C

77. Research shows that anyone can learn to be creative. The problem is:

- a. many organizations fail to foster an environment that encourages creativity.
- b. most people never tap into their pools of innate creativity.
- c. most people have never been taught to be creative.
- d. All of the above.

Answer: d

78. Research into the operation of the human brain shows that each hemisphere of the brain:

- a. develops symmetrically.
- b. controls similar functions.
- c. does not dominate the other hemisphere.
- d. processes information differently.

Answer: d

79. Small and medium scale enterprises (SMEs) are understood in India as enterprises where the investment in plant and machinery or equipment's is between _____

- A) Rs. 10 lacs to 25 lacs
- B) Rs. 25 lakhs to Rs. 10 crores
- C) Rs. 50 lacs to 5 crores
- D) Rs. 50 Lacs to Rs. 10 crores

80. The current Minister of Micro, Small and Medium Enterprises is _____ since 03 September 2017.

- A) Giriraj Singh
- B) Umashankar Ray

C) Vidyapati Kumat

D) Uma Bharati

81. In the classification of MSME sector micro enterprises have investments in plant and machinery up to Rs. _____

A) 10 lacs

B) 50 lacs

C) 25 lacs

D) 1 crore

82. In the 2017 budget, the small scale industries, especially, were jubilant as finance minister Arun Jaitley reduced the Income Tax return from 30 per cent to _____ per cent for industries having turnover up to Rs 50 crore.

A) 20 per cent

B) 25 per cent

C) 15 per cent

D) none of these

83. A medium enterprise is an enterprise where the investment in plant and machinery is more than Rs. _____ crore but does not exceed Rs. 10 crore.

A) 2 crores

B) 4 crores

C) more than 5 crores

D) more than 8 crores

84. _____ acts as a Principal Financial Institution for the Promotion, Financing and Development of the Micro, Small and Medium Enterprise (MSME) sector.

A) Mudra Bank

B) RBI

C) SBI

D) SIDBI (Small Industries Development Bank of India)

85. _____ is a full service credit rating agency exclusively set up for micro, small and medium enterprises (MSME) in India.

A) Dun & Bradstreet Information

B) ADFIAP

C) SMERA

D) MUDRA

86. The MUDRA banks were set up under the _____ scheme. It will provide its services to small entrepreneurs outside the service area of regular banks, by using last miles agents.

A) Jan-Gana yojana

B) Atalbihari Vitta Yojana

C) Pradhan Mantri MUDRA Yojana

D) None of these

87. The term "financial inclusion" has gained importance since the early 2000s, a result of identifying financial exclusion and its direct correlation to _____

A) Poverty

B) Malnutrition

C) Jobs

D) Education

88. The MSME sector in India has maintained a consistent growth rate of _____ per cent.

A) 8%

B) 10%

C) 5 %

D) 7 %

89. The MSME sector employs about _____ % workforce of India, which is roughly 6 crore people.

A) 30%

B) 40%

C) 45 %

D) 50%

90. Generally, MSME contributes to _____ % exports from India.

A) 20%

B) 25%

C) 30%

D) 40%

91. As per one of the KPMG research reports (in 2013) where BCG surveyed 4000 SMEs in five countries, it found that nearly _____ % of SMEs in India have no access to the Internet, compared with only 22% of SMEs in China and 5% of SMEs in the US. Though, initiatives like 'Google My Business' are aiming at getting 20 million SMEs online in the next three years.

A) 60%

B) 70%

C) 80%

D) 90%

92. One of the biggest threats Indian MSME sector faces is _____

A) Lack of financial assistance

B) Lack of Marketing Skills

C) Quality of products still to meet International standards

D) lack of bilateral trade

93. Out of which of these activities one of it is supporting growth of MSME sector in India?

A) ISO Standards

B) Management Education

C) IT revolution

D) Cluster based activities

94. In 2017-18, India jumped up ————marks into the top 100 rankings on the World Bank's 'ease of doing business' index, thanks to major improvements in indicators such as resolving insolvency, paying taxes, protecting minority investors and getting credit.

A) 20

B) 30

C) 33

D) 39

95. Economies are ranked on their ease of doing business by World Bank. A high ease of doing business ranking means ————

A) the regulatory environment in a country is more conducive to the starting and operation of a local firm

B) the regulatory environment in a country does lesser checks on parameters of doing business C) the regulatory environment can be managed very easily in a country while doing business

D) All of these

96. The Doing Business Report (DB) is a study elaborated by the World Bank Group since 2003 every year that is aimed to measure the costs to firms of business regulations in ————countries.

A) 150 countries

B) 200 countries

C) 190 countries

D) 220 countries

97. The Grameen Bank is a micro finance organization founded in ————It makes small loans to the impoverished without requiring collateral.

A) India

B) Bangladesh

C) Pakistan

D) Sri Lanka

98. Grameen Bank originated in 1976, in the work of ———— at University of Chittagong, who launched a research project to study how to design a credit delivery system to provide banking services to the rural poor.

A) Prof. Muhammad Yunus

B) Prof. Umar Chapra

C) Prof. Mufti Muhammaed Taqui

D) Prof. Shaikh Abdul Sattar

PRACTICE SETS

1. In early stages, commercial banks were

a. in private sector

b. in public sector

c. government agency

d. quasi-autonomous national government organization

2. After independence, the Imperial Bank of India was nationalized and became known as

a. Reserve Bank of India

b. State Bank of India

c. Punjab National Bank

d. Central Bank of India

3. UCO bank is a

a. private sector bank

b. public sector bank

c. non-scheduled bank

d. none of these

4. Which of the following is not the fund based business of commercial banks?

a. DP Operation

b. Loans

c. Deposits

d. Discounting of Bills

5. Bank show provision for Income tax under the head
a. Contingent Liability b. other liability and provisions
c. contingent account d. other accounts
6. Which of the following is the latest buzzword among bankers?
a. social banking b. financial inclusion
c. mass banking d. none of these
7. Which one of the following statement is correct?
a. the Governor is the Reserve Banks chief executive
b. IFCI can grant long term loans to partnership firms
c. Money market is a market for stock market operations
d. The export import bank of India is a subsidiary of IDBI
8. Which one of the following statements is incorrect?
a. only 14 banks were nationalized in the first stage of nationalization of commercial banks
b. the second dose of nationalization came in April 1980, when banks were nationalized
c. RBI started its operation with a paid up capital of Rs 5 crore
d. safe deposit vaults are made available by bank only to fixed deposit account holders
9. Rural infrastructure development fund is maintained by
a. RRB b. NABARD c. Cooperative Bank d. None of the above
10. The only merger between nationalized banks was between New Bank of India and Punjab National Bank in
a. 2003 b. 1993 c. 1997 d. 2000
11. Which bank was incorporated as one of the Public sector banks in India during 2004-2005?
a. ICICI Bank ltd b. Yes Bank ltd c. IDBI Bank ltd d. UTI Bank ltd
12. All Banking Institutions are
a. intermediaries b. non-intermediaries
c. specialized institutions d. term lending institutions
13. Credit creation is a _____ of a bank
a. primary function b. agency function
c. general utility function d. none of these
14. Universal banking is the combination of commercial banking with
a. investment banking b. insurance company
c. both a and b d. none of these
15. Credit gaps can be eliminated by reducing
a. information asymmetry b. size of the firm
c. both a and b d. none of these
16. Which of the following is not an instrument of credit control in the banking system?
a. open market operations b. moral per suasion
c. cash reserve ratio d. tax rates
17. Which of the following is not a function of a Rural bank?
a. to accept deposit b. to waive loans
c. to grant advances d. to supply inputs to farmers

18. The commercial banks in India are governed by
 a. Reserve Bank of India act 1934 b. Indian company act 1956
 c. Indian Banking regulation act 1949 d. Securities and exchange board of India act 1992
19. Bank rate is also known as
 a. discount rate b. penalty rate
 c. interest rate d. none of these
20. When a drawer draws a cheque without keeping sufficient balance and if the cheque is bounced for insufficient funds, the drawer is punishable with imprisonment which may extend to _____ and a fine.
 a. two months b. one year
 c. four months d. six months
21. Paid up capital of a bank should not be less than the following percentage of subscribed capital.
 a. 25% b. 50% c. 75% d. 100%
22. Nationalization of banks aimed at all of the following except
 a. removal of control by a few
 b. provision of control by a few
 c. provision of adequate credit for agriculture, small industry and export units
 d. encouragement of a new class of entrepreneurs
23. The powers of the Board of directors to borrow from the bank are mentioned in
 a. article of association b. memorandum of association
 c. special resolution d. both a and b
24. the chief promoter of clearing corporations
 a. SB b. RBI c. Financial ministry d. none of these
25. Bank deposit refers to
 a. the amount of money standing to the credit of a customer of a bank
 b. a term used by a federal reserve to refer to the total deposits of member banks
 c. the amount of money standing to the debt of a customer of a bank
 d. all of the above
26. which one of the following statement is correct?
 a. granting loan to the borrowers is not the main function of a bank
 b. bank cannot but and sell shares and debentures on behalf of customers
 c. narasimhan committee recommended making banking structure of the counting three tier
 d. banks have the same function as development bank
27. Which one of the following statement is incorrect?
 a. A bank interacts directly with customers, but NBFI interacts with banks and governments.
 b. Credit creation is one of the primary functions of commercial bank in India
 c. Banks generally grant long-term loans to industries.
 d. To purchase and sell securities is also one of the function of scheduled bank
28. Banks lend money by
 1. Loan 2. Cash credit 3. Overdraft 4. Discounting of bill
 Select the correct answer using the codes given below
 a. 1 2 b. 1 2 4 c. 2 3 4 d. all of these

29. Which one of the following statements is incorrect?

- a. NABARD acts as regulator for cooperative banks and regional rural banks
- b. NABARD promotes research in the fields of rural banking agriculture and rural development.
- c. development bank helps an enterprise from planning to operational level
- d. the chairman of the RRB is nominated by the state government.

30. Which one of the following statements is incorrect?

- a. NABARD consultancy service (NABCONS) is a subsidiary of NABARD
- b. in 1947 the Reserve bank stopped acting as bankers to the government of Burms
- c. Every NBFC should not be registered with RBI.
- d. RBI uses CRR either to drain excess liquidity or to release funds needed for the growth of the economy.

31. Which of the following statements is correct?

- 1. Corporative Banks are governed by the banking regulation Act 1951.
- 2. state bank of India Act was enacted in the year 1956.
- 3. After nationalization of 24 major commercial banks, they become the important instrument for advancement of rural banking.
- 4. NABARD was established on 12th july, 1992 with an initial capital of 200 Crore.

Select the correct answer using the codes given below

- a. 1 b. 2 c. 1 2 3 d. 4

32. Which of the following can be described as involving indirect finance?

- a. a corporation take out loans from bank
- b. people buy shares in a mutual fund
- c. a corporation buys commercial paper in a secondary market
- d. all of the above

33. Nationalized banks have been permitted to offer their equity shares to the public to the extent of 49% of their capital as per amendments made in 1994 in

- a. banking regulation act 1949
- b. banking companies (acquisition and transfer of undertakings) act 1970/1980
- c. both a and b
- d. none of the above

34. Which of the following is not the liability of commercial banks?

- a. security holdings b. treasury deposits at banks
- c. demand deposits and time deposits d. borrowing from central banks

35. Which is the oldest bank in existence in India, originated in the Bank of Calcutta in June 1806, which almost immediately become the bank of Bengal?

- a. state bank of India b. Punjab national bank
- c. syndicate bank d. Vijaya Bank

36. Which of the following limits the power of credit creation by commercial banks?

- a. Fiscal policy b. Banking laws
- c. Business pessimism d. none of these

37. Consortium lending is a lending facility, defined by a single loan agreement, in which _____ participate.

- a. several or many banks b. two banks
- c. RBI d. development bank

38. Which bank has become the first foreign bank to open a branch in Isreal diamond exchange?

- a. American express bank
c. standard chartered bank

- b. citi bank
d. state bank of india

39. which Indian PSU bank in tune with its plans to expand its retail division in the UK entered the mortgage market in the country for the first time?

- a. Punjab national bank
c. state bank of India
- b. oriental bank of commerce
d. Indian overseas Bank

40. Which bank had its office in Anarkali bazaar, Lahore when registered on 19th May 1894 under Indian companies act?

- a. Punjab and Sind bank
c. Punjab national bank
- b. syndicate bank
d. united bank of India

41. Which one of the following statement is correct?

- a. a bank can also exercise the right of set off in respect of the future or contingent debts
b. minimum paid up capital for entry of new private sector banks is 200 crore
c. ancillary services are also known as supplementary functions of a commercial banks
d. provisions of banking regulation act are not applicable to cooperative banks

42. Which of the following statements are correct?

1. The central bank is usually control and quiet often owned by government of a country.
2. export import bank of India took ovr the export finance function of IDBI3. Unibank has virtually one or two branches
4. citi bank and ING Bank a nivals banks

Select the correct answer using the codes given below

- a. 1 2 b. 1 2 4 c. 1 2 3 d. 2 3 4

43. Which of the following statement is incorrect?

- a. using bank as tool of social welfare was the objective behind nationalization of banks in India
b. expansion of bank branch especially in rural area was the objectly behind nationalization of bank in India
c. non-priority sector lending was the objective behind nationalization of banks in India
d. Speed up economic growth was the objective behind nationalization of Banks in India

44. which one of the following statement is correct?

- a. general insurance corporation provides cover for life risks
b. NBFC take deposits from the public
c. NABARD was established on the recommendations of Narasimhan committee I (1991)
d. IDBI, NABARD have been notified as public financial institutions under companies act 1956

45. RBI was established with a share capital of _____

- a. 10 crore b. 5 crore c. 50 crore d. 100 crore

46. Who is the custodian of monetary reserves in India?

- a. SBI b. SIDBI c. NABARD d. RBI

47. Who is the fiscal agent and advisor to government in monetary and financial matters in India?

- a. SBI b. NABARD c. Corporative banks d. NOTA

48. Before issuance of currency notes, RBI held _____ securities.

- a. gold coins and bullion b. foreign securities
c. government of Indias securities d. all of the above

49. Which of the rate is not determined by RBI?

- a. CRR b. PLR c. Bank rate d. SLR

50. Who is authorized to issue coins of smaller denomination in India?

- a. RBI b. Ministry of Finance c. SBI d. None of the above

51. Open market operations, one of the measures taken by RBI in order to control credit expansion in the economy means as

- a. sale or purchase of government securities b. Issuance of different types of bonds
c. auction of gold d. none of the above

52. Which of the following statement is true?

- a. the currency notes issued by RBI are legal tender throughout the world.
b. all commercial banks including those owned by government do not need a license from the RBI to do banking business
c. The treasury bills are sold by the RBI for raising its working capital
d. the RBI is a banker to both central and state government.

53. On which of the following banks the reserve bank of India depends?

- a. cooperative banks b. regional rural banks
c. commercial banks d. development bank

54. Which bank is called the Bank of issue?

- a. RBI b. SBI c. IDBI d. ICICI

55. RBI controls the commercial banks through _____

- a. periodic inspection of banks b. follow up action
c. calling for returns and other information d. all of the above

56. Annual report in currency and finance is published by

- a. SIDBI b. RBI c. Ministry of finance d. none of these

57. Fully owned subsidiary of RBI

- a. national housing banks b. NABARD
c. both a and b d. none of the above

58. Differential rate of interest scheme was introduced in which year?

- a. 1962 b. 1982 c. 1972 d. 1980

59. Which of the following bodies tightened the norms for foreign exchange risk cover in India mentoring that only companies what a net worth of 200 crore can use derivatives to hedge against risk of volatility in current rates?

- a. IMF b. SEBI c. RBI d. Union ministry of finance

60. During the depression, it is advisable to

- a. lower bank rate and purchase securities in the open market
b. increase bank rate and purchase securities in the open marker
c. decease bank rate and sell securities in the open market
d. increase bank rate and sell securities in the open market

61. which of the following is restricted fund of RBI

- a. credit control b. interest on debt
c. bank note issue d. lending to bank

62. the bank rate means

- a. rate at which RBI purchases or rediscounts bills of exchange of commercial banks
- b. rate of interest allowed by commercial banks on their deposits
- c. rate of interest charged by commercial banks from borrowers
- d. rate of interest at which commercial banks discounted bills of their borrowers

63. credit creation capacity of a bank depends on the cash reserve ratio and statutory liquidity ratio. If the initial deposit is 1000 and the cash reserve ratio and statutory liquidity ratio is 5% and 20%. Then the credit creation capacity will be as follows

- a. 3000
- b. 5000
- c. 6000
- d. 2000

64. Reserve Bank of India is

- a. an extension wing of Ministry of Finance, government of India
- b. a body corporate, having perpetual succession and a common seal
- c. an institution owned by Indian Banks association
- d. a private sector bank

65. In order to control credit in the country, the RBI may

- a. buy securities in the open market
- b. sell securities in the open market
- c. reduce CRR
- d. reduce bank rate

66. In order to encourage investment in the country the RBI may

- a. reduce CRR
- b. increase CRR
- c. sell securities in the open market
- d. increase bank rate

67. One of the major challenges, banking industry is facing these days is money laundering. Which of the following acts or norms are launched by the banks to prevent money laundering in general?

- a. know your customer norms
- b. banking regulation act
- c. negotiable instrument act
- d. none of the above

68. Governmental economic policy which deals with taxation, expenditure, borrowing and the management of public debt in an economy is _____

- a. monetary policy
- b. credit policy
- c. fiscal policy
- d. taxation policy

69. RBI's open market operation transactions are carried with a view to regulate

- a. liquidity in the economy
- b. prices of an essential commodities
- c. inflation
- d. all of the above

70. Currently cash balance will be periodically verified by

- a. banks own officials
- b. RBI officials
- c. both a and b
- d. officials of AGs office

71. from which date, banks were allowed free to fix base rates by RBI?

- a. 1st april 2011
- b. 1st april 2012
- c. 1st april 2013
- d. none of these

72. arrange the following in correct order according to the year of establishment and occurrence of the event.

- 1. establishment of regional rural bank
- 2. Establishment of reserve bank of india
- 3. nationalization of 6 commercial banks
- 4. Nationalization of 14 major commercial banks
- a. 2 4 1 3
- b. 2 4 1 3
- c. 1 4 3 2
- d. 3 1 2 4

73. which one of the following statement is incorrect?

- a. till 1942, RBI was the currency issuing authority of Burma

- b. national housing bank is the fully owned subsidiary of RBI
- c. RBI is the king pin of the Indian gold market
- d. RBI can provide any direct financial assistance to any industry, trade or business

74. Which one of the following statement is incorrect?

- a. the secondary market, also known as the aftermarket
- b. the non-fulfillment of PO and C entail penalty in the form of higher CRR or SLR
- c. over the counter exchange of India is non-corporate body
- d. the non-fulfillment of PO and C entail penalty in the form of higher CRR or SLR

Directions (Q Nos 75 - 79) In the questions given below are two statements labelled as statement I and statement II. You have to examine these two statements carefully and select the answer to these items using the codes given below.

Codes

- a. statement I is correct, but statement II is incorrect
- b. both statements are correct
- c. statement I is incorrect but statement II is correct
- d. both statements are incorrect

75. Statement I In 1956, 7 subsidiaries of SBI were also nationalized.

Statement II In 1980, 6 banks with deposits over 200 crore were nationalized

76. Statement I Making advances is the primary function of commercial banks

Statement II credit creation is the secondary function of commercial banks

77. Statement I central cooperative banks provide finance to member of societies within the limits of borrowings capacity of societies

Statement II The funds of district, cooperative banks consists of shares capital, deposits, loans and overdrafts from state cooperative banks and joint stocks

78. statement I Commercial banks provide mainly short term credit to the industril sector

Statement II Modern banking become an effective force only after 1910.

79. statement I small savings are considered as the oldest media for community saving.

Statement II The first stock exchange was established at Pune in 1857.

Directions (Q Nos 80-88) In the questions given below are two statements labeled as Assertion and Reason. In the context of the two statements, which one of the following is correct?

Codes

- a. both A and R are true and R is the correct explanation of A.
- b. both A and R are true but R is not the correct explanation of A.
- c. A is true but R is false.
- d. A is false but R is true

80. Assertion The Indian banking system is of the branch banking system is of the branch-banking type and it is characterized by excessive concentration of business in a small number of gig public sector banks.

Reason The relatively small unit banks are perhaps more suitable for our environment and objectives.

81. Assertion New business can expect to pay higher interest rate than older one, those are more established companies.

Reason Lending institutions may feel that lending to newer companies presents a higher degree of risk.

82. Assertion The scheduled banks are required to maintain a certain minimum balance in their accounts with RBI.

Reason The scheduled banks are entitled to borrowings and rediscounting from the RBI.

83. Assertion Banks generally grants no interest on current account.

Reason Interest is not regarded as the payment of the use or service of capital.

84. Assertion The present banking system is called a fractional reserve banking system.

Reason The banks need to keep only a fraction as their deposits and liabilities in the form of liquid cash.

85. Assertion CRR refers to the cash which banks have to maintain with the RBI as a certain percentage of their demand and time liabilities.

Reason Statutory liquidity ratio is the ratio of cash in hand.

86. Assertion Bank have control over a large part of the supply of money in circulation.

Reason They cannot influence the nature and character of production in any country.

87. Assertion Custodian of foreign exchange reserve is one of the main function of RBI

Reason Periodical inspections of various banks is also main function of RBI

88. Assertion NABARD provide long-term refinance for minor irrigation, plantation, horticulture, land development, animal husbandry, fisheries etc.

Reason NABARD is one of the premier agencies to provide credit in rural areas.

89. Match the following

List-I	List-II
a. RBI	1. private bank
b. SBI	2. foreign bank
c. Citi bank	3. regulator
d. Catholic Syrian bank	4. public bank

Codes

	A	B	C	D
a.	4	3	2	1
b.	3	4	1	2
c.	1	4	3	2
d.	1	2	3	4

90. Match the following

List-I	List-II
a. Hamala	1; clearing of cheques
b. RBI	2. illegal transactions of foreign exchange
c. SEBI	3. regulator body
d. commercial bank	4. central bank

Codes

	A	B	C	D
a.	1	3	2	4
b.	2	3	4	1
c.	3	2	1	4
d.	1	2	3	4

91. Match the following

List-I	List-II
a. financial instruments	1. organized and unorganized
b. financial market	2. intermediaries and non-intermediaries
c. financial institutions	3. unorganized financial system
d. indigenous bankers	4. facilitate transfer of funds

Codes

	A	B	C	D
a.	4	1	2	3
b.	2	1	4	3
c.	1	2	4	3
d.	3	2	1	4

92. Match the following

List-I	List-II
a. RBI	1. New Delhi
b. PNB	2. Mumbai
c. Vijaya bank	3. Vadodara
d. ICICI	4. Bengaluru

Codes

	A	B	C	D
a.	1	2	3	4
b.	2	4	1	3
c.	1	2	4	3
d.	3	2	1	4

93. Match the following

List-I	List-II
a. bank of Hindustan	1. 1843
b. general bank of India	2. 1840
c. Bank of Bombay	3. 1786
d. bank of madras	4. 1770

Codes

A	B	C	D
---	---	---	---

- a. 4 3 2 1
- b. 3 4 1 2
- c. 1 4 3 2
- d. 3 2 1 4

94. Match the following

List-I	List-II
a. reserve bank of India	1. 1975
b. nationalization of 14 major commercial banks	2. 1935
c. nationalization of 6 commercial banks	3. 1969
d. regional rural banks	4. 1980

Codes

- | | A | B | C | D |
|----|---|---|---|---|
| a. | 1 | 3 | 2 | 4 |
| b. | 3 | 2 | 4 | 1 |
| c. | 4 | 3 | 1 | 2 |
| d. | 2 | 3 | 4 | 1 |

95. Match the following

List-I	List-II
a. state cooperative banks	1. government has a major holdings
b. indigenous banks	2. 50% to 90% of the working capital is contributed by RBI
c. public sector banks	3. comes under the ambit of the RBI control
d. non-scheduled banks	4. operated by eths, sahuks, mahajans, sardars etc

Codes

- | | A | B | C | D |
|----|---|---|---|---|
| a. | 4 | 3 | 2 | 1 |
| b. | 2 | 4 | 1 | 3 |
| c. | 3 | 4 | 2 | 1 |
| d. | 4 | 3 | 1 | 2 |

96. Match the following

List-I	List-II
a. rate at which RBI gives loans to commercial banks by discounting bills	1. reserve repo rate
b. rate at which RBI borrows from commercial banks	2. repo rate
	3. prime lending rate

Codes

	A	B
a.	3	1
b.	2	1
c.	1	2
d.	3	2

97. Match the following

List-I	List-II
a. CRR	1. Macimum expected rate
b. fiscal policy	2. government of india
c. monetary policy	3. RBI
d. RRR	4. rate of interest

Codes

	A	B	C	D
a.	3	2	1	4
b.	1	3	2	4
c.	2	4	1	3
d.	4	1	2	3

98. Match the following

List-I	List-II
a. monetary policy	1. instrument for regulation of money and credit
b. bank rate	2. instrument of fiscal policy
c. taxation policy	3. instrument of monetary policy
d. repo rate	4. quantitative instrument of monetary policy

Codes

	A	B	C	D
a.	1	3	2	4
b.	3	1	2	4
c.	1	2	4	3
d.	4	1	2	3

ANSWER KEYS

1=A	2=B	3=B	4=A	5=B	6=C	7=A	8=D	9=B	10=B
11=C	12=A	13=A	14=C	15=A	16=D	17=D	18=C	19=A	20=B
21=B	22=A	23=B	24=A	25=D	26=C	27=C	28=D	29=D	30=C
31=B	32=D	33=B	34=A	35=D	36=D	37=A	38=D	39=C	40=C

41=C	42=B	43=C	44=D	45=B	46=D	47=D	48=D	49=B	50=B
51=A	52=D	53=C	54=A	55=D	56=B	57=C	58=C	59=C	60=A
61=B	62=A	63=A	64=B	65=B	66=A	67=D	68=C	69=D	70=C
71=A	72=B	73=C	74=C	75=B	76=A	77=B	78=B	79=A	80=A
81=A	82=B	83=B	84=A	85=B	86=B	87=C	88=B	89=C	90=B
91=A	92=B	93=A	94=D	95=B	96=B	97=A	98=A		

Small and medium scale enterprises (SMEs)

Small and medium scale enterprises (SMEs) are understood in India as enterprises where the investment in plant and machinery or equipment's is between Rs. 25 lakhs (~ US \$ 0.04 million) to Rs. 10 crores (~ US\$1.6 million) in case of a manufacturing industry and between Rs. 10 lakh (~ US \$ 0.02 million) to Rs. 5 Crore (~ US \$ 0.8 million) in case of a service sector enterprise.

This definition is provided in Section 7 of Micro, Small & Medium Enterprises Development Act, 2006 (MSMED Act) and was notified in September 2006. The Act provides for classification of enterprises based on their investment size and the nature of the activity undertaken by that enterprise. As per MSMED Act, enterprises are classified into two categories - manufacturing enterprises and service enterprises. For each of these categories, a definition is given to explain what constitutes a micro enterprise or a small enterprise or a medium enterprise. What is not coming under the above three categories would be considered as a large scale enterprise in India.

(a) Manufacturing Enterprises are the enterprises engaged in the manufacture or production of goods pertaining to any industry specified in the first schedule to the Industries (Development and Regulation) Act, 1951 or employing plant and machinery in the process of value addition to the final product having a distinct name or character or use. The Manufacturing Enterprise are defined in terms of investment in Plant & Machinery.

(b) **Service Enterprises** are the enterprises engaged in providing or rendering of services and are defined in terms of investment in equipment.

The limit for investment in plant and machinery / equipment for manufacturing / service enterprises, as notified on [29-09-2006](#) are as under:

Manufacturing Sector	
Enterprises	Investment in plant machinery
Micro Enterprises	Does not exceed 25 lakh rupees
Small Enterprises	More than 25 lakh rupees but does not exceed 5 crore rupees
Medium Enterprises	More than 5 crore rupees but does not exceed 10 crore rupees
Service Sector	
Enterprises	Investment in equipments

Micro Enterprises	Does not exceed 10 lakh rupees:
Small Enterprises	More than 10 lakh rupees but does not exceed 2 crore rupees
Medium Enterprises	More than 2 crore rupees but does not exceed 5 crore rupees

The enterprises can take any form - proprietorship, company, cooperative, association of persons, Hindu Undivided Family^[1], partnership etc. Further, this definition is not restricted by the number of persons employed by the firm nor the electricity consumed by the firm, as was the case in the past or as is still practiced in some other countries.

SMEs are identified to provide special investment assistance and handholding as they contribute significantly to the employment, production and export in the country.

As on date, there is no item reserved for exclusive manufacture in the micro small and medium scale sector unlike such a provision that existed during pre-liberalization phase (On 10.04.2015 Government has desisted the remaining 20 items from the erstwhile list of items reserved for exclusive manufacture in Small scale industries (now – Micro and Small Enterprises)).

History

In India, before the enactment of MSMED Act in 2006, there was no official definition for medium scale enterprises. Consequently, there was no official definition for small and medium scale enterprises [SME's] as well as for what was commonly called then as large and medium scale enterprises [LME's]. What was officially defined was a small-scale industry (SSIs) and by definition what was not a small-scale unit, becomes automatically a large & medium scale enterprise or a non-SSI unit. As per the latest classification followed till the enactment of MSMED Act in 2006, a small-scale unit was defined as one with an investment up to Rs 1 crore in plant and machinery, provided it is not owned by or controlled by a subsidiary of any other industrial undertaking. This condition was set to prevent big firms from grabbing the benefits extended to small-scale industries by setting up their subsidiaries as small-scale undertakings. In addition, it was intended to discourage the misuse of incentives by establishing more than one SSI^[2] unit by the same person. The various definitions of SSI over the years are given in the Table below.

Definition of Small-scale Industries

YEAR	INVESTMENT LIMITS	ADDITIONAL CONDITIONS
1950	Up to Rs 5 lakhs in fixed assets	Employment of less than 50/100 persons with or without power
1960	Up to Rs 5 lakhs in Plant &	Employment condition was dropped

	Machinery	
1966	Up to Rs 7.5 lakhs in Plant & Machinery	No condition
1975	Up to Rs 10 lakhs in Plant & Machinery	No condition
1980	Up to Rs 20 lakhs in Plant & Machinery	No condition
1985	Up to Rs 35 lakhs in Plant & Machinery	No condition
1991	Up to Rs 60 lakhs in Plant & Machinery	No condition
1997 (Dec)	Up to Rs.300 lakhs in Plant & Machinery*	No condition
1999 (Dec) to 2006	Up to Rs 100 lakhs in Plant & Machinery	No Condition

*Studies by Small Industries Development Bank of India (SIDBI) have shown that even though there was a general increase in the ceiling limit for investment in plant and machinery in the SSI sector, in real terms the revision has not made significant differences. However, the revision in the investment criterion in 1997 had provided opportunities for small units to undertake higher investment. The Government of India has since decided to lower the investment ceiling from Rs. 300 lakhs to Rs. 100 lakhs.

Amendments proposed in 2015 A need for change in definition has been raised by the various stakeholders from time to time. The MSME related [Parliamentary Standing Committee](#) on Industry had taken up this issue and in its 245th Report had recommended that considering the inflation and dynamic market situation, the definition of MSME as provided in the MSMED Act may be revised every five years. Further, in its 258th Report, it had recommended that "if needed, the Act should be amended to make definition flexible". Ministry of MSME has accordingly decided in November 2014 for an amendment to the MSMED Act, 2006 to double the investment limits of micro and small enterprises and triple the investment limits of medium scale enterprises. The bill is yet to be tabled in the Parliament.

Manufacturing Sector	Existing Definition	Proposed Definition

Enterprises	Investment in plant & machinery	
Micro Enterprises	Does not exceed 25 lakh rupees	Does not exceed 50 lakh rupees
Small Enterprises	More than 25 lakh rupees but does not exceed 5 crore rupees	More than 50 lakh rupees but does not exceed 10 crore rupees
Medium Enterprises	More than 5 crore rupees but does not exceed 10 crore rupees	More than 10 crore rupees but does not exceed 30 crore rupees
Service Sector		
Enterprises	Investment in equipments	
Micro Enterprises	Does not exceed 10 lakh rupees:	Does not exceed 20 lakh rupees:
Small Enterprises	More than 10 lakh rupees but does not exceed 2 crore rupees	More than 20 lakh rupees but does not exceed 5 crore rupees
Medium Enterprises	More than 2 crore rupees but does not exceed 5 crore rupees	More than 5 crore rupees but does not exceed 15 crore rupees

International

Comparisons

Different organizations and countries set their own guidelines for defining SMEs, often based on headcount, sales/ turnover or assets.

For instance, European Union (EU) has defined SMEs in EU law: [EU recommendation 2003/361 EU recommendation 2003/361](#) which has come into force from 1 January 2005. The main factors determining whether a company is an SME are **number of employees** and either **turnover** or **balance sheet total**. The category of micro, small and medium-sized enterprises is made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding 50 million euro, and/or an annual balance sheet total not exceeding 43 million euro.

Company category	Employees	Turnover	or	Balance sheet total
Medium-sized	< 250	≤ € 50 m		≤ € 43 m

Small	< 50	≤ € 10 m	≤ € 10 m
Micro	< 10	≤ € 2 m	≤ € 2 m

These ceilings apply to the figures for individual firms only. A firm which is part of larger grouping may need to include employee/turnover/balance sheet data from that grouping too.

There is no universally accepted definition of an SME, even within the U.S. government. United States considers SMEs to include firms with fewer than 500 employees. The various definitions adopted by U.S. Department of Commerce (Commerce), the U.S. Small Business Administration (SBA), and the U.S. Department of Agriculture (USDA) can be seen in this [2010 report of US International Trade Commission](#).

In China, MSME can be an enterprise with 1 to 3000 employees; total assets from ¥ 40 to 400 million and business revenues from ¥10 to 300 million depending on the industry. ([Source World Bank Blog 2010](#); also see the definitions categorized and reproduced in this [paper](#)) SME definitions adopted by various countries can be seen in Appendix A-2 of this [2005 draft paper of World Bank](#).

1. The term '**Hindu Undivided Family**' has not been defined under the Income Tax Act. It is defined under the Hindu Law as a family that consists of all persons lineally descended from a common ancestor, including wives and unmarried daughters. A HUF cannot be formed by a group of people who do not constitute a family; lineal descendants with a common ancestor is a must. Even though Jain and Sikh families are not governed by the Hindu law, they can still be treated as a HUF. A HUF gets created the moment a person marries. (Source: knowledge.icsi.edu presentation by by Nikhil Agarwal & Sudhir Saklani)

2. A differential investment limit has been adopted since 9th of Oct.2001 for 41 reserved items, where the investment limit up to Rs. 5 Crore is prescribed for qualifying as a SSI unit. In 1966, an **ancillary unit** was defined as one with investment limit in plant and machinery up to Rs. 10 lakhs. An ancillary unit was defined as an industrial undertaking which is engaged or is proposed to be engaged in the manufacture or production of parts, components, sub-assemblies, tooling or intermediates, or the rendering of services and undertaking supplies or renders or proposes to supply or render not less than 50 per cent of its production or services, as the case may be, to one or more other industrial undertakings and whose investment in fixed assets in plant and machinery whether held on ownership terms or on lease or on hire-purchase, does not exceed Rs 10 million.

In April, 1991 a third category of unit, viz., **Export oriented unit** has also been introduced (Reference No. S. O. 232(E) dt. 2nd April, 1991) A **tiny unit** was defined in 1977 as one with investment in plant and machinery up to Rs. 1 lakh located in the rural areas or towns with a maximum population of up to 50,000 as per 1971 census. The latest definition of a tiny unit is as one with investment limit (in plant and machinery) of Rs 25 lakhs irrespective of location of the

unit.

Serviceoriented enterprises were recognized as Small Scale Service Establishments (SSSE) from 1982 onwards. These included identified service related enterprises with an investment in fixed assets, excluding land and building, upto Rs. 2 lakhs provided they were located in rural areas or in towns with a population upto 5 lakhs. This category was reorganised in 1991 as industry related Small Scale Service and Business Enterprises (SSSBE's) including units with investment in fixed assets, excluding land and building, upto Rs. 5 lacs and irrespective of location. SSSBE's are entitled to all the incentives and facilities that are available to small scale units. This limit has been enhanced to Rs. 10 lacs in 2000.

1. Entrepreneurial behaviours includes:

- (a) Solving problems
- (b) Taking initiatives
- (c) Taking responsibility
- (d) All of above

2. Entrepreneurs attributes includes:

- (a) Preservence
- (b) Hard working
- (c) Determination
- (d) All of above

3. Entrepreneurs skills includes:

- (a) Creative problem solving
- (b) Persuading
- (c) Negotiation
- (d) All of above

4. The term “entrepreneurs” was applied to business initially by the French economist in the 18th century:

- (a) Cantillon
- (b) Jan Tinbergen
- (c) J.S.Mill
- (d) None of above

5. Which business function do experts agree, you should focus on first when preparing to start a business.

- (a) Financing
- (b) Marketing vision
- (c) Operation
- (d) None of above

6. Which of the following is not something that can be invested:

- (a) Energy
- (b) Experties
- (c) Money
- (d) Time

7. From the following which one is factor affecting entrepreneurial growth:

- (a) Social
- (b) Economic
- (c) Psychological
- (d) All of above

8. What is the need of entrepreneurship:

- (a) For new innovation
- (b) To fill gap in growth
- (c) For healthy competition
- (d) All of above

9. Which one of the following is the process of entrepreneur developing new products that over time make current products obsolete?

- (a) New business model (b) Anatomization
(c) **Creative Destruction** (d) None of above

10. The level at which an individual is viewed by society is called:

- (a) Financial status (b) Qualification
(c) **Social Status** (d) Achievement

11. Which of the following statement is NOT correct about Pradhan Mantra Kaushal Vikas Yojna?

- (A) It was launched in March 2015.
(B) It will be implemented by the ministry of skill development and entrepreneurship.
(C) It will provide training to 300 mn youths.
(D) It will focus on the class X and class XII students.

Ans: C

12. Launching of Sansad Adarsh Gram Yojna is related to the:

- (A) Vallabh Bhai Patel (B) Deen Dayal Upadhyay
(C) Mahatma Gandhi (D) Jai Prakash Narayan

Ans: D

13. Which of the following two programmes are merged with MGNREGA?

- (A) SGRY & NFFWP (B) SGRY & SJSY
(C) NFFWP & JRY (D) None of these

Ans: A

14. Jawahar Gram Samridhi Yojna was launched on:

- (A) 1999 (B) 2001 (C) 1996 (D) 1995

Ans: B

15. Which of the following statement is not correct about INDIRA AWAS YOJNA?

- (A) It was launched in 1985-86
(B) Now it became the part of Bharat Nirman Programme.
(C) A minimum of 60% fund is used for the constructions of houses of SC/TSS.
(D) Its financial burden is shared by the states in the ratio of 50:50.

Ans: D

16. Which of the following statement is NOT correct about Rajeev Awas Yojna?

- (A) Its main aim is to make slum free India.
(B) About 500 cities of the country have been planned to get covered by the end of 12th five year plan.
(C) Its 50% share will be shared by the central government.
(D) All are correct

Ans: B

17. "TRYSEM" a programme made for :

- (A) Employment to Rural youths
(B) Employment to Urban youths
(C) Development of nutrition intake in the food of poor of the country.
(D) Providing road connectivity to the villages.

Ans: A

18. What is the Minimum Support Price of mustard for the season 2015-16?

- (A) RS. 3175/ Q (B) RS. 3100/ Q
(C) RS. 2900/ Q (D) RS. 3500/ Q

Ans: B

19. When National Horticulture Mission was launched?

- (A) 2001-02 (B) 2010-11
(C) 2005-06 (D) 2007-08

Ans: C

20. What is the correct order (from highest to lowest) in terms of food grain production (in quintal) in 2013-14?

- (A) Rice, wheat, coarse cereals and maize (B) Wheat, Rice, coarse cereals and maize
(C) Rice, wheat, maize and coarse cereals (D) Rice, maize, wheat and coarse cereals

Ans: A

Short QUESTIONS

1. What is business plan?

A business plan is a formal statement of a set of business goals, the reasons they are believed attainable, and the plan for reaching those goals. It may also contain background information about the organization or team attempting to reach those goals.

2. What is opportunity analysis?

A detailed review of the prospects for a product within a potential market. For example, a product marketing manager for a business might request a detailed opportunity analysis for a particular product to help them forecast whether market demand conditions will support launching the product into that market.

3. What is market survey?

A market survey is an important requirement for initiating any successful business. The objective of a market survey is to collect information on various aspects of the business. This survey is a tool through which we can minimize risk.

4. What is environmental analysis?

A process for identifying all external and internal elements that can affect the performance of the organization and evaluating the level of threat or opportunity they present. Opportunity and threat assessments are then incorporated into decision making process in order to better align strategies with the organization's environment.

5. What is project?

An individual or collaborative enterprise that is carefully planned to achieve a particular aim.

6. What is a small scale enterprise?

What businesses are defined as "small" in terms of government support and tax policy varies depending on the country and industry. Small businesses range from 15 employees under the Australian Fair Work Act 2009, 50 employees according to the definition used by the European Union, and fewer than 500 employees to qualify for many U.S. Small Business Administration programs.

7. What is venture capital?

Capital invested in a project in which there is a substantial element of risk, typically a new or expanding business.

8. What are all the Problems Faced by Entrepreneurs While Starting Business in India?

1. Bureaucracy, 2. Corruption, 3. Labour, 4. Regional Sentiments, 5. Grey Market and

Counterfeit Goods and 6. Social Capitals!

9. Short notes on sidbi

Small Industries Development Bank of India is a non-independent financial institution aimed to aid the growth and development of micro, small and medium-scale enterprises (MSME) in India. Set up on April 2, 1990 through an act of parliament, it was incorporated initially as a wholly owned subsidiary of Industrial Development Bank of India.

10. Short note on IIE

The Indian Institute of Entrepreneurship (IIE) was established by the Department of Small Scale Industries and Agro and Rural Industries as an autonomous organisation in 1993 with its headquarters at Guwahati. It takes up training, research and consultancy activities in the field of small industry and entrepreneurship.

11. Short notes on msmidi

The Micro Small and medium Enterprises Development institute (MSME DI), Chennai, established in the year 1954, as field level Institute under the Ministry of MSME, Government of India. Office of DC(MSME) is the apex body for formulating SSI policies in the country and it implements promotional activities through its country wide network of MSME DIs, Br. MSME DIs, Field Testing Stations, Prototype Development Centres and Tool Rooms etc.,

12. Write a short note on SIDO

SIDO helps in giving technical and managerial inputs, making project reports and training entrepreneurs of small scale industries. It maintains a close contact with financial and training institutions, Government and other agencies for the promotion and development of small industrial units. It undertakes entrepreneurship development wherein the training and managerial capabilities are developed.

13. What do you meant by self-help group?

A self-help group (SHG) is a village-based financial intermediary committee usually composed of 10–20 local women or men. A mixed group is generally not preferred. Most self-help groups are located in India, though SHGs can also be found in other countries, especially in South Asia and Southeast Asia.

15. What is meant by micro enterprises?

in general, a microenterprise is considered a small business employing 10 people or less and have a capital asset of less than PhP 3,000,000. Internationally, most microenterprises are family businesses employing one or two persons. These micro entrepreneurs operate microenterprises by choice. Most microenterprise owners are primarily interested in earning a living to support themselves and their families.

16. What do you meant by medium scale enterprises?

Small and medium-sized businesses (SMBs) are businesses whose personnel numbers fall below certain limits. The abbreviation "SME" is used in the European Union and by international organizations such as the World Bank, the United Nations and the World Trade Organization (WTO). Small enterprises outnumber large companies by a wide margin and also employ many more people. SMEs are also said to be responsible for driving innovation and competition in many economic sectors.

17. Rural entrepreneurs

Entrepreneurship implies entrepreneurship emerging in rural areas. (Or) rural entrepreneurship means rural industrialization. Industrialization can't originate (or) sustain without entrepreneurship whether rural (or) urban.

18. Women entrepreneur

Government of India has defined women entrepreneurs as owning and controlling an enterprise with a woman having a minimum financial interest of 51% of the capital and giving at least 51% of the employment generated in the enterprise to make a decision is called women entrepreneur

19. Technical entrepreneur

Kalaldeh identified the four areas: Networking Program to help Jordanian Technology Entrepreneurs exchange experience and knowledge; a Program to create more awareness on potential opportunities in technology start ups and recognise innovative and outstanding technology business ideas and start ups; an Investment Program to help Jordanian Technology Entrepreneurs seeking funding for their start ups at seed and early stages, in addition to a Capacity Building and Support Program to provide Jordanian Technology Entrepreneurs with specialized training, mentoring and support services to help them establish, fund and manage their company.

20. Define intrapreneur

An inside entrepreneur, or an entrepreneur within a large firm, who uses entrepreneurial skills without incurring the risks associated with those activities. Intrapreneurs are usually employees within a company who are assigned a special idea or project, and are instructed to develop the project like an entrepreneur would. Intrapreneurs usually have the resources and capabilities of the firm at their disposal. The intrapreneur's main job is to turn that special idea or project into a profitable venture for the company.

21. Explain any two skill for entrepreneur

A wide range of competences are seen as entrepreneurial and useful to entrepreneurs, these include knowledge, skills and personal traits:

- ☐ Management skills – the ability to manage time and people (both oneself and others) successfully.
- ☐ Communication skills (e.g. the ability to sell ideas and persuade others)

22. Define balancing act?

According to c.j.prince balancing act is a "Excess inventory can eat up your cash, so ditch the superfluous stock and use better management practices to keep your business booming"

23. Reliability bias

Reliability is defined as "an indication of the consistency of scores across evaluators or over time." An assessment is considered reliable when the same results occur regardless of when the assessment occurs or who does the scoring. There should be compelling evidence to show that results are consistent across raters and across scoring occasions.

24. What is valid assessment?

Valid assessments minimize unintended negative consequences. Negative effects of assessments might include restricting curricula to what can be easily assessed, communicating unintended messages about power, control, or social status, and fostering narrow images of the nature of a particular discipline.

25. What is fairness in ED?

Fairness means that an assessment should "allow for students of both genders and all backgrounds to do equally well. All students should have equal opportunity to demonstrate the skills and knowledge being assessed." The fairness of the assessment is jeopardized if bias exists either in the task or in the rater.

26. What is the tool kit for professional developer?

Alternative Assessment is a product of the Laboratory Network Project. The tool kit contains numerous examples of alternative assessments and provides professional development activities that can assist teachers in considering the significance of these concepts for their carrier

27. What is reliability?

Reliability is defined as "an indication of the consistency of scores across evaluators or over time." An assessment is considered reliable when the same results occur regardless of when the assessment occurs or who does the scoring. There should be compelling evidence to show that results are consistent across raters and across scoring occasions.

28. What is customer segment?

Customer segmentation is the practice of dividing a company's customers into groups relevant to a particular business. The goal of segmenting customers is to decide how to relate to customers in each segment in order to maximize the value of each customer to the business.

29. What is business model?

A business model describes the rationale of how an organization creates, delivers, and captures value, in economic, social, cultural or other contexts. The process of business model construction is part of business strategy.

30. What is managerial feasibility?

Managerial Feasibility studies is the objectively and rationally uncover the strengths and weaknesses of an existing business or proposed venture, opportunities and threats which are presented by the environment, the resources required to carry through, and ultimately the prospects for success. In its simplest terms, the two criteria to judge feasibility are cost required and value to be attained. Managerial feasibility study is an analysis of the viability of an idea. The Managerial feasibility study focuses on helping answer the essential question of “should we proceed with the proposed project idea?” All activities of the study are directed toward helping answer this question.

31. What is knowledge funnel thinking process?

As knowledge moves through the ‘knowledge funnel’, productivity grows and costs drops... The knowledge funnel balances the exploration of new knowledge (innovation) with the exploitation of current knowledge (efficiency) that facilitates value creation.

Miscellaneous MCQs

1. The term Opportunity Cost refers to

- (A) Variable Cost
- (B) Short-run cost
- (C) The cost forgone in favour of production of another product
- (D) Cost related to an optimum level of production

Answer: (C)

2. If two commodities are complementary, then a rise in the price of one commodity will induce

- (A) A rise in the price of the other commodity
- (B) An upward shift of demand curve
- (C) No shift in demand for the other commodity
- (D) A backward shift in demand for the other commodity

Answer: (D)

3. What is the characteristic of a purely competitive market?

- (A) Large number of buyers and sellers
- (B) A few sellers
- (C) A few buyers
- (D) Abnormal profit

Answer: (A)

4. Willingness to pay minus actual payment is called

- (A) Consumer's surplus
- (B) Producer's surplus
- (C) Utility cost
- (D) Supplier's surplus

Answer: (A)

5. Match List – I with List – II and select the correct answer using the codes given below the lists:

List – I

List – II

- | | |
|--------------------|-----------------------|
| a. Cost Function | 1. Kinky Demand Curve |
| b. Supply Function | 2. Isoquants |

14. Job Evaluation criterion comes from:

- (A) Job manual (B) Job description
(C) Job specification (D) Job duration

Answer: (C)

15. Exit Policy primarily emphasizes in the broad sense, for policy makers as

- (A) Removing employees (B) Down sizing
(C) Retiring people and rehabilitating them (D) Bringing new blood to the Corporate

Answer: (C)

16. The goal of financial management is to:

- (A) Maximize the wealth of Preference Shareholders
(B) Maximize the wealth of Debenture holders
(C) Maximize the wealth of Equity shareholders
(D) All of the above

Answer: (C)

17. The Internal Rate of Return (IRR) is determined where

- (A) The Net Present Value is positive (B) The Net Present Value is negative
(C) The Net Present Value is zero (D) None of the above

Answer: (C)

18. The Tax shield would result in

- i. increase in tax liability ii. Increase in EPS
iii. Decrease in EPS iv. Decrease in tax liability

Codes:

- (A) (ii) and (iv) (B) (i) and (iii)
(C) (i) and (iv) (D) (iii) and (iv)

Answer: (A)

19. Which of the following is a main method of issue of stocks?

- (A) Vendor placing (B) Public issue through Prospectus
(C) Private placements (D) None of the above

Answer: (B)

20. The Capital Asset Pricing Model (CAPM) establishes the relationship between

- (A) Risk and EPS (B) Risk and value of the firm
(C) Risk and the required rate of return (D) None of the above

Answer: (C)

21. 'Marketing is a human activity directed at satisfying needs and wants through Exchange process' is the statement of

- (A) Cundiff ad still (B) Kenneth Andrews
(C) Philip Kotler (D) Kishwar S. Kan

Answer: (C)

22. Promotion mix includes

- (A) Advertising, publicity, personal selling and sales promotion
(B) Physical attributes, brand, package and product life cycle
(C) Brand name, product benefits, delivery and credit
(D) Transportation, material handling, packaging and customer service

Answer: (A)

23. Which of the following is not the stage of product life cycle?

- (A) Introduction (B) Growth
(C) Market segmentation (D) Decline

Answer: (C)

24. Which is the basic form of Innovation?

- (A) Introduction of novel production process
(B) Improvement and development of existing process
(C) Improvement and development of existing firm
(D) All of the above

Answer: (D)

25. The scientific system of collecting and analysis of data pertaining to market is known as

- (A) Production Research (B) Advertising Research
(C) Marketing Research (D) None of the above

Answer: (C)

26. Which one of the following is not the function of Production Management?

- (A) Production, Planning and Control (B) Procurement of Raw Materials
(C) Market Intelligence and Survey (D) Plant Location and Layout

Answer: (C)

27. Time study refers to

- (A) Developing a standard time to do a particular task (B) Improving work methods
(C) Value analysis (D) Value engineering

Answer: (A)

28. Acceptance Quality level is

- (A) Maximum number of defectives that the consumers will accept
(B) Fraction defective(s) that the consumer considers acceptable
(C) Fraction defective(s) that the producer considers acceptable
(D) Maximum number of defectives that the producer will allow

Answer: (B)

29. In a transportation problem involving 10 origins and 5 destinations, the number of constraints representing origin capacity and destination requirements is equal to

- (A) 50 (B) 49 (C) 15 (D) 14

Answer: (C)

30. The critical path of a network is

- (A) For which earliest start time and latest start time are same
(B) The shortest time path through a network
(C) For which earliest finish time and latest finish time are same
(D) The longest time path through a network

Answer: (B)

31. If a person buys one ticket of a State lottery, then the probability that he wins a price is 0.11. If a person buys one ticket each month for five months, what is the probability that he will win least one price?

- (A) 0.55 (B) 0.50 (C) 0.44 (D) 0.56

Answer: (C)

32. The standard error of the mean of a random sample of size two or more.

- (A) Always exceeds the population standard deviation.

- (B) Either exceeds or equals the population standard deviation.
 (C) is always lower than the population standard deviation
 (D) is always equal to the population standard deviation.

Answer: (C)

33. A store manager is trying to explore the relationship between percentage fat content (Y) and price (X) of various dairy products. He finds that the coefficient of determination is 0.4624 and the estimated regression line is $Y = 0.5 - 0.02X$. The coefficient of correlation would be

- (A) 0.68 (B) - 0.68 (C) - 0.02 (D) 0.4624

Answer: (B)

34. Which of the following statement on testing of hypothesis is always true?

- (A) When the null hypothesis is rejected at 5%, it is always rejected at 1% level of significance.
 (B) When the null hypothesis is rejected at 1%, it is also rejected at 5% level of significance.
 (C) When the null hypothesis is not rejected at 1%, it is rejected at 5% level of significance.
 (D) No definite assertion can be made.

Answer: (B)

35. Which of the following devices would be considered a typical sequential access medium?

- (A) Magnetic Hard Disk (B) Magnetic Floppy Disk
 (C) Magnetic Tape (D) CD ROM

Answer: (C)

36. What describes the market, product and technological areas of business?

- (A) BCG Matrix (B) GE Nine Cell Matrix
 (C) 7's framework (D) Company's Mission

Answer: (D)

37. Name the factors taken into consideration in Internal Analysis

- (A) Firm Resources (B) Objective, plans and policies of the firm
 (C) The type of business involved (D) All of the above

Answer: (D)

38. Diversification is to a new business area that has no obvious connection with any of the company's existing areas refer to

- (A) Forward integration (B) Backward integration
 (C) Conglomerate diversification (D) Concentric diversification

Answer: (D)

39. Which business unit generates substantial cash surplus due to low industry growth rate and high profit share?

- (A) Dog (B) Cash cow (C) Question mark (D) Star

Answer: (B)

40. Who plays an important role in the success of products and services and in increasing the marketing share of the firm in business?

- (A) Functional level Managers (B) Corporate level Managers
 (C) Business level Managers (D) All of the above

Answer: (D)

41. Entrepreneurship as a theory of business was propounded by

- (A) Douglas McGregor (B) Thomas A. Coleman
 (C) Joseph A. Schumpeter (D) Adam Smith

Answer: (C)

42. Policies related to Revival of Sick Units are framed by

- (A) IIFT (B) CSIR (C) SEBI (D) MSME

Answer: (D)

43. The book 'Innovation and Entrepreneurship' is written by

- (A) Harold Koontz (B) Blake and Mouton
(C) Peter F. Drucker (D) None of the above

Answer: (C)

44. State Financial Corporation Act encourages in

- (A) Establishing Industrial Estates (B) Establishing small and medium size industries
(C) Establishing Agricultural Farms (D) All of the above

Answer: (B)

45. Name the Author of Equity Theory of Motivation.

- (A) Blake & Mouton (B) Strube & Garcia
(C) Stancy Adams (D) Albert Bandura

Answer: (C)

46. Anything dealing with Ethics in Business is:

- (A) Good, bad or both, to the business gains (B) Not related to religion
(C) Not to focus obligation (D) Killing all types of Unfair Trade Practices

Answer: (A)

47. Ethics provide:

- (A) Consumer Autonomy (B) CSR
(C) Justice (D) All of the above

Answer: (D)

48. Company seeking ethical standard must purport to

- (A) Good Employee Relation (B) Better Production Portfolio
(C) Economy of Scale (D) Public Disclosure and Publishing

Answer: (D)

49. Which of the following is not the act of Corporate Governance? www.netugc.com

- (A) Protecting the interest of shareholders (B) Protecting the interest of employees
(C) Fudging of Accounts (D) Paying Taxes to the Government

Answer: (C)

50. Corporate Social Responsibility (CSR) is looked as the organized network of making long economic and social relationship of the corporate with the society. But a business of which type, as mentioned below, cannot afford for it, at the first instance?

- (A) Large Business (B) Medium Business
(C) Small Business (D) A Business Start-up

Answer: (D)

1. Which of the following is not one of the important objectives of Financial Management?

- (A) Profit maximization (B) Wealth maximization
(C) Value maximization (D) Social responsibility

Answer: (D)

2. For 'make or buy decision', which cost is to be considered?

- (A) Marginal cost (B) Total cost
(C) Fixed cost (D) None of the above

Answer: (A)

3. Which is the method applied for measuring GNP?

- (A) Income method (B) Expenditure method
(C) Value Added method (D) All of the above

Answer: (D)

4. Which of the following project appraisal method is not based on time value of money?

- (A) Payback method (B) Net present value method
(C) Internal rate of return method (D) Discounted payback method

Answer: (A)

5. Micro, Small and Medium Enterprises Development Act, 2006 is related to

- (A) Industrial Policy (B) Investment Limit
(C) Business Opportunities (D) None of these

Answer: (B)

6. Selection is the process in which candidates for employment are divided into two classes – those who are to be offered employment and those who are not.” This is stated by

- (A) Dale Yoder (B) Milton M. Mandell
(C) R.D. Agarwal (D) Edwin Flippo

Answer: (A)

7. Who defines advertising as “any paid form of non-personal presentation and promotion of ideas, goods and services by an identified sponsor?

- (A) Philip Kotler (B) C.K. Prahlad
(C) Chartered Institute of Marketing (D) American Marketing Association

Answer: (D)

8. The exchange rate between the currencies of two countries will be equal to the ratio of the price indices in these countries is explained by

- (A) Inflation adjustment (B) Purchase power parity
(C) Interest rate parity (D) Transaction exposure

Answer: (B)

9. The ultimate mission or purpose is to relate human resources to future enterprise needs, so as to maximize the future return on investment in human resources. It is referred as

- (A) Demand and Supply (B) Forecasting
(C) Human Resource Planning (D) Human Resource Development

Answer: (C)

10. Other things being equal an increase in income leads to a decrease in demand for

- (A) Superior Goods (B) Inferior Goods
(C) Both (A) and (B) (D) None of the above

Answer: (B)

11. “Hind Mazdoor Sabha” established in which year?

- (A) 1940 (B) 1942 (C) 1948 (D) 1952

Answer: (C)

12. The evaluation of Business activities and behaviour as right or wrong is called

- (A) Corporate Governance (B) Business Ethics

(C) Social Responsibility

(D) None of the above

Answer: (B)

13. A market structure which consists of one buyer and one seller is referred as

(A) Monopsony

(B) Bilateral monopoly

(C) Monopoly

(D) Duopoly

Answer: (B)

14. At which stage of new product development process, the launching of New Product will take place?

(A) Business Analysis

(B) Commercialization

(C) Test Marketing

(D) Marketing Strategy Development

Answer: (B)

15. The cost of equity can be measured as

(A) Rate of interest $(1 - t)$.

(B) Rate of dividend $(1 - t)$.

(C) Rate of dividend \times (Face value – Issue Price)/n

(D) $D1/P0 + g$

Answer: (D)

16. If the regression coefficient B in $Y = A + B X$ is equal to zero, then the regression line will

(A) Pass through the origin

(B) Be parallel to the x-axis

(C) Be parallel to the y-axis

(D) Neither intersects x-axis nor y-axis

Answer: (B)

17. An entrepreneurial person employed by a corporation and encouraged to be innovative and creative is referred to as

(A) Competitor

(B) Supplier

(C) Entrepreneur

(D) Intrapreneur

Answer: (D)

18. Which of the following provides direction, serves as standards for evaluating performance and motivates members of the organization?

(A) Mission

(B) Values

(C) Objectives

(D) Goals

Answer: (C)

19. The four systems of Management in terms of Leadership styles are related to

(A) Blake and Mouton

(B) Philip Kotler

(C) Peter F. Drucker

(D) Rensis Likert

Answer: (D)

21. In production control, scheduling includes

(A) Deciding about the time when the production will reach various departments.

(B) Estimating the time to be consumed in these departments.

(C) How much time will be taken in transferring production from one department to another.

(D) All of the above.

Answer: (D)

22. Making profit by taking advantage of different prices prevailing in different markets is referred as:

(A) Hedging

(B) Speculation

(C) Arbitrage

(D) Gambling

Answer: (C)

23. Gigabyte refers to

- (A) 1024 Bytes (B) 1024 Kilobytes
(C) 1024 Megabytes (D) 102400 Bytes

Answer: (C)

24. Environmental issues can be managed by

- (A) Investing in environment friendly process or products.
(B) Managing environmental regulations.
(C) Investing in environmental performance improvement.
(D) All of the above.

Answer: (D)

25. A formal document of what the entrepreneur intends to do to sell enough of the firm's product or service to make a satisfactory profit is called

- (A) Long range plan (B) Strategic plan
(C) Business plan (D) None of the above

Answer: (C)

26. Among the following financial derivatives, which involves the least risk for the holder?

- (A) Forward (B) Option
(C) Futures (D) Swap

Answer: (B)

27. Which level of Managers translate the corporate strategy into concrete objectives for their individual business?

- (A) Business level (B) Corporate level
(C) Multi-Business level (D) Functional level

Answer: (A)

28. The number of subordinates a superior can effectively handle is called

- (A) Organizing people (B) Span of control
(C) Direction (D) Coordination

Answer: (B)

29. Selection of specific media in which advertisements will be run and when they will be run to reach the target market is called

- (A) Advertising (B) Public Relations
(C) Media Planning (D) Publicity

Answer: (C)

30. Statistical Quality Control requires determination of

- (A) Quality tolerance limit (B) Quantity measurement
(C) Production leads time (D) Inventory carrying cost

Answer: (A)

31. With reference to Working Capital Management, the term 'float' relates to

- (A) Inventory Management (B) Receivables Management
(C) Cash Management (D) Marketable Securities

Answer: (C)

32. Which communication component is not a paid form of communication?

- (A) Advertising (B) Sales promotion
(C) Personal selling (D) Publicity

Answer: (D)

33. The Government of India established the Small Industries Development Organization (SIDO) in the year:

- (A) 1951 (B) 1972 (C) 1954 (D) 1982

Answer: (C)

34. Match the following:

List – I

- a. Functional Organization
b. Transactional Analysis
c. Managerial Grid
d. Need Theory

List – II

1. F.W. Taylor
2. McClelland
3. Eric Berne
4. Blake and Mouton

Codes:

	A	b	c	d
(A)	1	3	4	2
(B)	1	2	3	4
(C)	4	3	2	1
(D)	2	1	4	3

Answer: (A)

35. Which of the following is not a Trading block?

- (A) NAFTA (B) ASEAN (C) SAARC (D) IMF

Answer: (D)

36. Takeover generally involves

- (A) The acquisition of part of an undertaking to enable the acquirer to increase the market share of the product concerned.
(B) The acquisition of certain block of equity capital of a company which enables the acquirer to exercise control over the affairs of the company.
(C) Taking over the responsibility to have trade agreement for finished product.
(D) Taking over certain long-term liabilities of another group company to help it financially.

Answer: (B)

37. Which of the following is not a function of distribution agency?

- (A) Transportation (B) Servicing
(C) Inventorying (D) Manufacturing

Answer: (D)

38. Cars are parked in a very big parking lot. A researcher is required to estimate the proportion of cars that are red or the proportion of cars that are from a Japanese manufacturer. Which of the following statement is not correct?

- (A) A convenience sample of cars parked near the gate may give a biased estimate of the proportion of cars which are from a Japanese Manufacturer.
(B) Different investigators may get different estimates for the proportion of cars that are red.
(C) The sample proportion of cars that are red is an unbiased estimate of the population proportion if the sampling method is simple random.
(D) A sample of 100 cars in a convenience sample is always better than a sample of 20 cars from a proper random sampling method.

Answer: (D)

39. Who is father of Administrative Management Theory?

- (A) Max Weber (B) Frank Gilbraith
(C) Henry Fayol (D) Henry Gantt

Answer: (C)

40. The process of determining the tasks that make-up a job and the skills, abilities and responsibilities needed to perform the job is called

- (A) Job Analysis (B) Job Description
(C) Job Enrichment (D) All of the above

Answer: (A)

41. GATT stands for

- (A) General Accord on Tariff and Trade (B) Generous Agreement on Trade and Tariff
(C) General Agreement on Tariff and Trade (D) Generalist Agreement on Trade and Tariff

Answer: (C)

42. People who take the risks necessary to organize manage and receive the financial profits and non-monetary rewards are called

- (A) Suppliers (B) Employees
(C) Competitors (D) Entrepreneurs

Answer: (D)

43. A Marketing database is built as an aid to

- (A) Market research (B) Product-mix expansion
(C) Reducing cost of production (D) Price hike

Answer: (A)

44. The model that applies to Economic Order Quantity for Inventory Management, was proposed to be applied to Cash Management by:

- (A) Miller and Orr (B) William J. Baumol
(C) William Sharpe (D) David Durand

Answer: (B)

45. If a hypothesis is statistically significant, then it is concluded that

- (A) The observed result is probably not due to chance.
(B) The observed result is probably a chance result.
(C) The observed result cannot possibly be due to chance.
(D) The null hypothesis of no relationship is probably true.

Answer: (A)

46. In which stage of product life cycle, the company takes decision whether to maintain, harvest or drop the product?

- (A) Introduction (B) Growth
(C) Maturity (D) Decline

Answer: (D)

47. Recruitment is concerned with

- (A) Selecting the right candidate (B) Developing a pool of job candidates
(C) Getting applications (D) None of the above

Answer: (B)

48. In production management, dispatching includes:

- (A) Giving work to machines and places. (B) Providing materials, tools, etc. to works.
(C) Issuing appropriate orders for production process. (D) All of the above.

Answer: (D)

49. Which of the following is the internal sources of recruitment?

- (A) Advertisement (B) Selection
(C) Both (A) and (B) (D) None of the above

Answer: (D)

50. Which Business unit generates substantial cash surpluses due to low industrial growth rate and high market share?

- (A) Dog (B) Cash Cow
(C) Question Mark (D) Star

Answer: (B)

51. In which stage of new product development process, the product and marketing programs are tested in realistic market settings?

- (A) Concept Development and Testing (B) Idea Screening
(C) Test Marketing (D) Commercialization

Answer: (C)

52. The problem of industrial discipline was debated by the Indian Labour Conference (ILC) held in India in

- (A) 1948 (B) 1952 (C) 1957 (D) 1960

Answer: (C)

53. The Branding strategy which uses a different brand name for each product is known as

- (A) Overall Family Branding (B) Line Family Branding
(C) Individual Branding (D) Brand Extension

Answer: (C)

54. The two factor theory was propounded by

- (A) Frederick Herzberg (B) A.H. Maslow
(C) McGregor (D) Elton Mayo

Answer: (A)

56. F.W. Taylor has done the following studies for improving the production process:

- (A) Time Study, Fatigue Study and Fatal Study.
(B) Time Study, Motion Study and Fatal Study.
(C) Time Study, Motion Study and Fatigue Study.
(D) Time Study, Motivation Study and Fatigue Study.

Answer: (C)

57. Which one is not the overseas market entry strategy followed by Multinational Corporations?

- (A) Franchise (B) Collaborations
(C) Joint venture (D) Strategic planning

Answer: (D)

58. Benefits provided for temporary and permanent disability disfigurement, medical expenses and medical rehabilitation is referred to as

- (A) Fringe benefits (B) Financial incentives
(C) Workers' compensation (D) None of the above

Answer: (C)

59. Today's organizations are working on the principle of

- (A) Production-orientation (B) Product-orientation
(C) Selling-orientation (D) consumer-orientation

Answer: (D)

60. Identify the correct sequence of control cycle:

- (A) Feedback -> Evaluation -> Adjustment -> Action.

(B) Action -> Evaluation -> Feedback -> Adjustment.

(C) Action -> Feedback -> Evaluation -> Adjustment.

(D) Adjustment -> Action -> Feedback -> Evaluation.

Answer: (C)

61. Negotiation of labour contract by Union and Management is referred to as

(A) Industrial Relations

(B) Trade Union

(C) Consumerism

(D) Collective Bargaining

Answer: (D)

62. Goods used by an organization in producing other goods is called

(A) Consumer goods

(B) Industrial goods

(C) Specialty goods

(D) None of the above

Answer: (B)

63. The outside third party who is brought into settle a dispute, and he or she has the authority to make a decision is called

(A) Government

(B) An Arbitrator

(C) Union

(D) Legal Expert

Answer: (B)

64. Marketing information system gathers information from internal sources like marketing intelligence and marketing research to help the manager in

(A) Assessing the information needs.

(B) Developing the needed information.

(C) Distributing the information.

(D) All of the above.

Answer: (D)

65. In which year WTO came into being?

(A) 1980

(B) 2000

(C) 2006

(D) 1995

Answer: (D)

66. One-level channel consists of

(A) Producer-consumer

(B) Producer-dealer-consumer

(C) Producer-dealer-retailer consumer

(D) Producer-dealer-wholesaler retailer- consumer

Answer: (B)

67. Batch production is appropriately applicable to

(A) Medicine production

(B) Sugar production

(C) Petroleum products

(D) Agriculture produce

Answer: (A)

68. Match the following:

a. Harry Markowitz

1. Dividend Theory

b. David Durand

2. CAPM

c. Dow

3. Capital structure

d. M.J. Gordon

4. Technical Analysis

Codes:

	A	b	c	d
(A)	4	3	2	1
(B)	2	3	4	1
(C)	2	1	3	4
(D)	3	2	4	1

Answer: (B)

69. Which one of the following is not a basic element in the Strategic Management?

- (A) Environmental scanning (B) Strategy formulation
(C) Strategy implementation (D) Functional strategy

Answer: (D)

70. A written statement of the human qualification, education and experience needed to perform a job is referred to as

- (A) Job enrichment (B) Job specification
(C) Job design (D) Job description

Answer: (C)

71. Changes in the population characteristics such as age, gender, marital status, income and education are the examples of

- (A) Demographic characteristics (B) Cultural characteristics
(C) Geographic characteristics (D) None of the above

Answer: (A)

72. ESI Act applies to

- (A) Railways and Mines Industries (B) Seasonal Factory Workers
(C) Cement Industries (D) None of the above

Answer: (B)

73. Porter and Lawler model is related to

- (A) Perception (B) Attitudes (C) Motivation (D) Leadership

Answer: (C)

74. Which of the following is the best technique to manage the existing products?

- (A) Ansoff matrix (B) BCG matrix
(C) Mc Kinsey 7s Framework (D) Five forces of competition

Answer: (A)

75. One of the acceptable methods for obtaining feedback of training is called

- (A) Structured Interview (B) Performance after Training
(C) Improvement after Training (D) Employee Turnover Rate

Answer: (A)

1. Cardinal measure of utility is required in

- (A) Utility Theory (B) Indifference Curve Analysis
(C) Revealed Preference (D) Inferior Goods

Answer: (A)

2. A Right-ward shift in Demand Curve indicates

- (A) A decrease in supply (B) An increase in quantity supplied
(C) An increase in supply over the previous year (D) Law of Variable Proportions

Answer: (C)

3. Which of the following is the condition for equilibrium for Monopolist?

- (A) $MR = MC$ (B) $MC = AR$ (C) $MR = MC = \text{Price}$ (D) $AC = AR$

Answer: (A)

4. Giffen goods are those goods

- (A) For which demand increases as price decreases (B) Which is in short supply?
(C) Which have high elasticity of demand? (D) Which gives rise to a Cob-Web situation?

Answer: (A)

5. Match List-I with List-II and select the correct answer using the codes given below the lists.

List – I

List – II

(Demand Estimation Method)

(Steps involved)

(a) Customer Interview Method

1. Consumers Interview

(b) Market Experiment Method

2. Time series or Cross Section Data

(c) Regression Method

3. Market Stimulation

(d) Demand Forecasts

4. Market Experiments' Survey

Codes:

	(a)	(b)	(c)	(d)
(A)	1	3	4	2
(B)	1	3	2	4
(C)	2	4	3	1
(D)	4	2	1	3

Answer: (B)

6. Who divided all activities of the Organisations into six groups; Technical, Commercial, Financial, Security, Accounting and Managerial?

(A) Peter Drucker

(B) D. E. McForland

(C) Henry Fayol

(D) George R. Terry

Answer: (C)

7. What are the elements that a Mission Statement of an Organization should include?

(A) Self guidelines for Business Operations

(B) Identifies the reasons for existence of a company and its responsibilities to the stakeholders.

(C) Identifies the firms' customers and their needs and matches them to the products and services.

(D) All of the above (A), (B) and (C).

Answer: (B)

8. Changes in population characteristics such as age, gender, race, marital status, income and education are examples of change:

(A) Demographic

(B) Cultural

(C) Geographic

(D) Diversity

Answer: (A)

9. Which of the following is not included as Micro-Environmental Variables?

(A) Prevailing economic and political conditions.

(B) Emerging new technologies

(C) Financial conditions and culture

(D) None of the above

Answer: (D)

10. During his days at Midvale Steel Company F.W. Taylor saw that employees soldiering – deliberately working at a pace slower than their capabilities. He identified that, worker indulge in soldiering primarily for the following reasons:

(A) Fear of losing jobs if they increase their output.

(B) Faulty wage systems.

(C) Out-dated methods of working

(D) All of the above

Answer: (D)

11. Among the best known trait approaches to personality measurement – column A gives Traits and column B states the name of authority defining them. Match the correct combination

Traits

Author

(A) 20 + needs

Murray

(B) 16 traits

Eysenck

(C) 3 traits

Cattell

(D) 5 traits Costa & Merree

Answer: (A)

12. "Third Party intervention" as "Conflict Resolution" is

(A) Often required

(B) Seldom required

(C) Required as a mandate, when conflict remains unresolved

(D) Not at all considered as an option

Answer: (C)

13. The policy of introducing "New Blood" is

(A) Stereotypic

(B) Bureaucratic as well as redtapic

(C) Innovative and challenging, making the corporate dynamic

(D) Innovative, challenging, but often resisted

Answer: (D)

14. An "Assessment Centre" is

(A) A place

(B) A technique

(C) Both (A) and (B)

(D) None of the above

Answer: (B)

15. "Organizational learning" and "Learning organization" are

(A) Same

(B) Different

(C) Reverse to each other

(D) Complementary to each other

Answer: (A)

16. The value of the firm is maximized when the

(A) Market price of equity share is maximum (B) Market price of equity share is minimum

(C) Market value of debt is maximum (D) None of the above

Answer: (A)

17. Which of the following is the main assumption of Walter Valuation Model?

(A) All financing is done through Retained earnings and external sources of funds.

(B) With additional investment the firm's business risk will change.

(C) There is a change in the key variables such as EPS and DPS

(D) None of the above

Answer: (A)

18. Which of the following is an important money market instrument?

(A) Debentures

(B) Commercial Paper

(C) Public Deposits

(D) None of the above

Answer: (B)

19. The method of payment in Mergers and Acquisitions may include

(i) Cash

(ii) Loan stock

(iii) Ordinary shares

(iv) Convertible loan stock

Codes:

(A) (i) & (iii) only

(B) (i) & (ii) only

(C) (i), (ii), (iii) and (iv)

(D) (ii) & (iv) only

Answer: (C)

20. Working capital refers to the capital mobilized for meeting

(A) Long-term financial needs of the company

- (B) To meet day-to-day financial obligations of the company
 (C) To meet the future financial requirements of the company
 (D) None of the above

Answer: (B)

21. Which of the following statement is true?

- (A) The essence of marketing is a transaction of an exchange.
 (B) Marketing-orientation is philosophy, which has to pervade the organization structure
 (C) Marketing is also a managerial function involving analysis, planning and control marketing activities in an organization
 (D) All of the above

Answer: (D)

22. A marketing plan is composed of three basic components, namely

- | | | | |
|---------------|-------------|------------|--------------|
| 1. Objectives | 2. Policies | 3. Program | 4. Procedure |
| 5. Hints | 6. Decision | 7. Command | 8. Periodic |
| 9. Diversity | | | |

- (A) 1, 2 and 3 only
 (B) 6, 7 and 8 only
 (C) 5, 7 and 9 only
 (D) 2, 3 and 9 only

Answer: (A)

23. Which of the following is not the stage of new product development?

- (A) Idea Generation
 (B) Business Analysis
 (C) Test Marketing
 (D) Market Segmentation

Answer: (D)

24. Marketing research does not normally

- (A) Gather environmental information
 (B) Provide a continuous source of information
 (C) Relate to all aspects of marketing operations
 (D) Describe the current situation

Answer: (B)

25. Which of the following is not included in 7 P's of services marketing?

- (A) Physical evidence
 (B) People
 (C) Process
 (D) Marketing plan

Answer: (D)

26. Which of the following is not the type of Plant Layout?

- (A) Product Layout
 (B) Process Layout
 (C) Fixed Position Layout
 (D) Residential Layout

Answer: (D)

27. Which of the following factor is considered in the selection of a plant location?

- (A) Source of Raw-materials
 (B) Availability of water
 (C) Marketing facilities
 (D) All the above

Answer: (D)

28. Work measurement refers to

- (A) The length of time it takes to complete a work task assigned to a specific job
 (B) Improving work methods
 (C) Arrangement of machines according to sequence of operations
 (D) Planning the work and working the plans

Answer: (A)

29. The Graphical method can be used to solve

- (A) A linear programming problem with all integer data base.
 (B) A linear programming problem with two decision variables.
 (C) Any linear programming problem.
 (D) A transportation problem with two origins and two destinations.

Answer: (B)

30. If two dice are thrown, the probability that the sum of their points is greater than 10 is
 (A) $1/9$ (B) $1/12$ (C) $1/3$ (D) $1/18$

Answer: (B)

31. A Binomial distribution is characterized as $b(16, 0.5)$ i.e. sample size is 16 and the probability of success is 0.5. The mean and variance of this distribution will be respectively
 (A) 8, 4 (B) 8, 8 (C) 4, 8 (D) 4, 4

Answer: (A)

32. Two variables are said to be perfectly negatively correlated if
 (A) Covariance between them is positive
 (B) Coefficient of correlation between them is -1
 (C) Covariance between them is negative
 (D) None of the above

Answer: (B)

33. Which type of sampling is appropriate when the population consists of well-defined groups such that the elements within each group are homogeneous and between each group they are heterogeneous?

- (A) Cluster Sampling (B) Simple Random Sampling
 (C) Stratified Sampling (D) Judgement Sampling

Answer: (C)

34. Which of the following is not a type of internet connection?

- (A) ISDN (B) Dial-up
 (C) Leased-Line (D) ISP

Answer: (D)

35. Match the following:

List – I

- (I) Poisson distribution has the property that
 (II) Normal distribution is a
 (III) Chi-square distribution is
 (IV) Binomial distribution has the property that

Codes:

- | | (I) | (II) | (III) | (IV) |
|-----|-----|------|-------|------|
| (A) | 4 | 2 | 1 | 3 |
| (B) | 4 | 2 | 3 | 1 |
| (C) | 1 | 2 | 3 | 4 |
| (D) | 2 | 4 | 3 | 1 |

Answer: (B)

List – II

1. Its mean is greater than Variance
2. Symmetric distribution
3. Positively skewed distribution
4. Its mean and variance are equal.

36. WTO comes into being in the year

- (A) 1975 (B) 1985 (C) 1995 (D) 2001

Answer: (C)

37. Which of the following is not Porter's generic strategy?

- (A) Focus (B) Cost Leadership

(C) Differentiation

(D) Market segmentation

Answer: (D)

38. Globalization involves

(A) Free flow of technology from one country to another

(B) Free flow of investment from one country to the other

(C) Free flow of people from one country to the other

(D) All the above

Answer: (D)

39. Which is a short-term strategy for a firm?

(A) Corporate strategy

(B) Business strategy

(C) Company mission

(D) Functional strategy

Answer: (D)

40. Which is not a global entry strategy?

(A) Exporting

(B) Joint venture

(C) Merger and Acquisition

(D) Blue ocean strategy

Answer: (D)

41. Which one is not the characteristic feature of Entrepreneurship?

(A) Vision

(B) Risk Bearing

(C) Initiative and Drive

(D) Disloyalty

Answer: (D)

42. Which of the following organizations is meant for promoting small scale industries at district level?

(A) SIDBI

(B) DIC

(C) SFCs

(D) NABARD

Answer: (B)

43. The reason for sickness of small scale industry is

(A) Lack of capital

(B) Lack of market

(C) Severe competition

(D) All the above

Answer: (D)

44. The measure taken by Government to promote small scale industry.

(A) Provision of land

(B) Provision of marketing facilities

(C) Arrangement of credit and raw materials

(D) All the above

Answer: (D)

45. Small and medium enterprises are

(A) Labour intensive

(B) Capital intensive

(C) Market leader

(D) Industry price determiner

Answer: (D)

46. Business propositions are to be selected by making an analysis that, how much the local resources will be depleted in the commencement and the course of Business. This is known as

(A) Sensitivity Analysis

(B) Common Property Resource use

(C) Environmental Impact Assessment

(D) None of the above

Answer: (A)

47. Whistle-Blowers are

(A) To be removed from the jobs

(B) To be promoted

- (C) To be rewarded for the organisational enrichment
(D) To be protected since they intend to bring out truth

Answer: (D)

48. Funding through Micro finance to Small and Micro Enterprises is not successful due to
(A) High rate of interest (B) Out sourcing of method of providing Micro Finance
(C) (A) & (B) (D) None of the above

Answer: (C)

49. "Work-Diversity" by nature, does not go against Ethics. But an executive assistant while getting transferred from "stores" to "dispatch" section created turmoil in the office. He is:

- (A) Most ethical in his deal (B) Fully against work ethics
(C) He is workaholic (D) A Rigid employer, hard nut to crack

Answer: (B)

50. Ethical Management is

- (A) A Compromise (B) A Compulsion
(C) A Judgement (D) (A) and (B)

Answer: (A)

1. Hawthorne Experiment is related to the

- (A) Systems theory (B) Classical theory
(C) Human relations theory (D) Scientific management theory

Answer: (C)

2. Cost incurred in the past and is not affected by a current decision is referred to as:

- (A) Sunk cost (B) Marginal cost
(C) Incremental cost (D) Replacement cost

Answer: (A)

3. The principle of organisation that no employee should report to more than one superior is called

- (A) Scalar principle (B) Span of control
(C) Unity of command (D) Unity of direction

Answer: (C)

4. 'Rege Committee' is related to

- (A) Working conditions in Indian Industry (B) Social security in Indian Industry
(C) Individual differences in Indian Industry (D) None of the above

Answer: (A)

5. The factors affecting to P/E multiple are

- (A) Dividend pay-out ratio and required return
(B) Required return and expected growth rate
(C) Dividend pay-out ratio and expected growth rate
(D) Dividend pay-out ratio, required return and expected growth rate

Answer: (D)

6. Which of the following is not one of the benefits of E-Commerce?

- (A) E-Commerce offers greater flexibility in meeting consumer needs.
(B) E-Commerce can help to reduce cost.
(C) E-Commerce increases potential market share.
(D) E-Commerce increases the net cost per contact.

Answer: (D)

7. Which among the following is not concerned with the PERT evolution?

- (A) Polaris Project (B) Lock-head Aircraft Corporation
(C) Both (A) and (B) (D) None of the above

Answer: (C)

8. Before a company decides to target a particular market segment, which important factors are to be examined against organization's objectives and resources?

- (A) Market size (B) Growth rate
(C) Structural attractiveness (D) All of the above

Answer: (D)

9. Balance of Payment is

- (A) Balance of trade + Net earnings on invisibles
(B) Foreign exchange inflow – Foreign exchange outflow
(C) Balance of current account + Balance of capital account + Statistical discrepancy
(D) Export of goods – Import of goods

Answer: (C)

10. Factors contributing to unethical behaviour are

- (A) Poor leadership (B) Poor internal communication
(C) Lack of management support (D) All of the above

Answer: (D)

11. Which of the following is not included in the five forces of competition?

- (A) Bargaining power of suppliers (B) Bargaining power of consumers
(C) Threat of substitutes (D) Strategic planning

Answer: (D)

12. Match the following:

List-I

Financial Institution

- (i) Industrial Development Bank of India (IDBI)
(ii) Small Industries Development Bank of India (SIDBI)
(iii) National Small Industries Corporation (NSIC)
(iv) Industrial Finance Corporation of India (IFCI)

List-II

Year of Establishment

- I. 1955
II. 1964
III. 1948
IV. 1989

Codes:

- | | (i) | (ii) | (iii) | (iv) |
|-----|-----|------|-------|------|
| (A) | I | IV | III | II |
| (B) | II | IV | I | III |
| (C) | III | I | II | IV |
| (D) | III | II | I | IV |

Answer: (B)

13. The practice of selling two or more separate products together for a single price is:

- (A) Bundling (B) Dumping
(C) Both (A) and (B) (D) None of the above

Answer: (A)

14. Which is the oldest and simplest form of organization?

- (A) Functional organization (B) Committee organization
(C) Line organization (D) Line and staff organization

Answer: (C)

15. While considering promotion of an employee, the following is the most important consideration:

- (A) Seniority (B) Competence
(C) Loyalty (D) Only (A) and (B)

Answer: (D)

16. Which type of promotion has been described by W. R. Spiegel?

- (i) Departmental Promotion (ii) Inter-departmental Promotion
(iii) Inter-plant Promotion (iv) Inter-company Promotion
(A) (i), (ii), (iii) (B) (ii), (iii), (iv) (C) (i), (ii), (iv) (D) (i), (iii), (iv)

Answer: (A)

17. Market risk is also known as

- (A) Systematic risk or diversifiable risk (B) Unsystematic risk or diversifiable risk
(C) Systematic risk or non-diversifiable risk (D) Unsystematic risk or non-diversifiable risk

Answer: (C)

18. The discount rate that makes NPV equal to zero is known as

- (A) Benefit–Cost ratio (B) Internal Rate of Return
(C) Discounted Pay-back period (D) Profitability Index

Answer: (B)

19. Match the following:

List-I

- (i) Poisson distribution
(ii) Normal distribution
(iii) Chi-Square distribution
(iv) Binomial distribution

List-II

- I. Mean is greater than variance
II. Mean & Variance are same
III. Symmetric
IV. Positively skewed

Codes:

- | | (i) | (ii) | (iii) | (iv) |
|-----|-----|------|-------|------|
| (A) | II | I | III | IV |
| (B) | IV | I | III | II |
| (C) | II | III | IV | I |
| (D) | IV | II | I | III |

Answer: (C)

20. A critical activity is defined as one whose

- (A) Total float is zero. (B) Free float is zero.
(C) Duration is the longest. (D) Duration is the smallest.

Answer: (A)

21. In the buying decision process, what is the term used for a person who first suggests buying the product or service?

- (A) Influencer (B) Initiator
(C) Decider (D) Buyer

Answer: (B)

22. Strategies formulated to convert a sick unit to healthy is referred to:

- (A) Turnaround (B) Expansion
(C) Diversification (D) Stabilization

Answer: (A)

23. Which one is an international credit rating agency?

- (A) Mc Kinsey (B) B C G (C) Standard and poor (D) I M F

Answer: (C)

24. Ethical challenges may arise on account of

- (A) Failure of personal character, conflict of personal value & organisational goals and conflict of organisational goals and social values
- (B) Hazardous but popular products
- (C) Both (A) and (B)
- (D) None of the above

Answer: (C)

25. Supply curve slopes backward towards left, when:

- (A) More quantity is supplied at higher prices.
- (B) Less quantity is supplied at higher prices.
- (C) Same quantity is supplied at higher prices
- (D) None of the above

Answer: (B)

26. Transactional Analysis (TA) is related to

- (A) Learning
- (B) Attitudes
- (C) Perception
- (D) Personality

Answer: (D)

27. Which among the following is odd one?

- (A) BMS
- (B) FICCI
- (C) AITUC
- (D) INTUC

Answer: (B)

28. Which of the following strategies requires a company to concentrate its efforts in one or more narrow segments instead of a broad based strategy?

- (A) Cost-Leadership strategy
- (B) Differentiation strategy
- (C) Focus strategy
- (D) None of the above

Answer: (C)

29. In case where the investment can be made in stages and is dependent on the future outcomes, the capital budgeting technique that can be adopted will be

- (A) Simulation technique
- (B) Hiller model
- (C) Decision-tree analysis
- (D) Scenario analysis

Answer: (C)

30. Statement (i): In an organization we pay for jobs, we do not pay for men.

Statement (ii): The compensation must be as per the Job assigned.

- (A) Statement (i) is correct but (ii) is false.
- (B) Statement (ii) is correct but (i) is false.
- (C) Both statement (i) and (ii) are correct.
- (D) Both statement (i) and (ii) are false.

Answer: (C)

31. If the regression coefficient of the independent variable in a simple regression equation is negative, then which of the following statement is correct?

- (A) The coefficient of correlation between the variables is zero.
- (B) The coefficient of correlation between the variables is the positive square root of the coefficient of determination.
- (C) The coefficient of correlation between the variables is the negative square root of the coefficient of determination.
- (D) None of the above.

Answer: (C)

32. Selling the products only through a single wholesaler or retailer is called

- (A) Extensive distribution strategy
- (B) Selective distribution strategy
- (C) Exclusive distribution strategy
- (D) Mass merchandise strategy

Answer: (C)

33. Marketing myopia concept was developed by

- (A) Philip Kotler
- (B) Peter Drucker
- (C) C. K. Prahlada
- (D) Theodore Levitt

Answer: (D)

34. Emerging market economies are:

- (A) A part of developed countries
- (B) Newly industrializing countries
- (C) A part of developing countries
- (D) A part of third world countries

Answer: (B)

35. What describes the market, product and technological area of business?

- (A) Company's mission
- (B) Company's vision
- (C) Strategic plan
- (D) None of the above

Answer: (A)

36. Activities taken up on part time or casual basis to raise income is:

- (A) Self-employment
- (B) Income generation
- (C) Entrepreneurship
- (D) None of the above

Answer: (B)

37. "The optimal pay-out ratio for growth firm is nil and declining firm is 100%" is established by

- (A) Gordon model
- (B) Walter model
- (C) Both (A) and (B)
- (D) None of the above

Answer: (C)

38. Match the following:

List-I

- (i) Z – Theory
- (ii) Y – Theory
- (iii) Hierarchy Needs Theory
- (iv) Hygiene Theory

List-II

- (a) Hergberg
- (b) Maslow
- (c) Mc Gregor
- (d) Urwick

Codes:

- | | | | |
|-----------|-------|-------|------|
| (a) | (b) | (c) | (d) |
| (A) (iv) | (i) | (iii) | (ii) |
| (B) (iii) | (ii) | (iv) | (i) |
| (C) (iv) | (iii) | (ii) | (i) |
| (D) (iii) | (iv) | (i) | (ii) |

Answer: (C)

39. Need-Hierarchy Theory was propounded by

- (A) Peter F. Drucker
- (B) Abraham Maslow
- (C) Mc – Fraland
- (D) Elton Mayo

Answer: (B)

40. Additional revenue generated by selling an additional unit is

- (A) Incremental revenue
- (B) Marginal revenue
- (C) Total revenue
- (D) Average revenue

Answer: (B)

41. What is the term used if a market is divided into distinct groups of buyers who might require separate products or marketing mixes?

- (A) Market Targeting
- (B) Market Positioning
- (C) Market Segmentation
- (D) Market Co-ordination

Answer: (C)

42. Bath tub curve is encountered in

- (A) Process control (B) Acceptance sampling
(C) Both (A) and (B) (D) Maintenance management

Answer: (D)

43. Cost advantage is referred as

- (A) A firm achieving a lower cumulative cost of performing value activities than its competitors
(B) Firm trying to outsource all relative products from one company to gain economies of scale
(C) Firm trying to restrict the cost controls measure relative to its nearer competitor
(D) None of the above

Answer: (A)

44. If a hypothesis is tested at a significant level of 5%, then it means that

- (A) There is 5% probability that the null hypothesis will be rejected though it is true.
(B) There is 5% probability that the null hypothesis will be false.
(C) There is 5% probability that the null hypothesis will be true.
(D) There is 95% probability that the alternative hypothesis will be false.

Answer: (A)

45. The time that elapses between the purchase of raw materials and the collection of cash for sales is referred as

- (A) Production cycle (B) Operating cycle
(C) Cash cycle (D) Organisations cycle

Answer: (B)

46. One of the following is not included in job descriptions:

- (A) Job title (B) Location
(C) Penal actions (D) Duties

Answer: (C)

47. In which type of market situation competitors offer same type of products and services for the same price with no differentiation?

- (A) Monopolistic competition (B) Monopoly
(C) Oligopoly (D) Perfect competition

Answer: (D)

48. Sick enterprise is referred to which of the following bodies for rehabilitation?

- (A) Small Industries Development Bank of India (SIDBI)
(B) Small Industries Development Organisations (SIDO)
(C) Board for Industrial and Financial Restructure (BIFR)
(D) National Small Industries Corporation (NSIC)

Answer: (C)

49. Match the following:

- | | |
|-------------------------------------|--------------------|
| (i) Wealth of Nations | I. Robert Giffen |
| (ii) Income and Substitution effect | II. Paul M. Sweezy |
| (iii) Kinked Demand Curve | III. Cobb- Douglas |
| (iv) Production function | IV. Adam Smith |

Codes:

- | | | | | |
|-----|-----|------|-------|------|
| | (i) | (ii) | (iii) | (iv) |
| (A) | IV | II | I | III |
| (B) | IV | I | III | II |
| (C) | IV | II | III | I |

(D) IV I II III

Answer: (D)

50. The term "Grapevine Communication" is related to

- (A) Formal Communication (B) Informal Communication
(C) Written Communication (D) Vertical Communication

Answer: (B)

51. Taylor differential piece rate system is related to

- (A) Time wage system (B) Piece wage system
(C) Incentive wage system (D) None of the above

Answer: (C)

52. Financial risk arises from

- (A) R & D and operations stages of value chain
(B) GNP growth rate and competitive environment
(C) Volatility of interest rates, currency rates, commodities prices and stock prices
(D) Changes in laws and regulations

Answer: (C)

53. A company using high price and high promotion policy is adopting the following strategy:

- (A) Slow skimming (B) Rapid Penetration
(C) Slow Penetration (D) Rapid Skimming

Answer: (D)

54. Which one of the following are the functions of personnel management?

- (A) Planning, Organizing, Staffing, Directing and Controlling
(B) Planning, Organizing, Coordinating, Budgeting and Controlling
(C) Procurement, Development, Compensation, Integration and Maintenance
(D) Perception, Development, Learning, Organisations and Behavior

Answer: (C)

55. Match the following:

- | | |
|-------------------------------|------------------------------------|
| (i) Net present value method | I. Inflow after interest and tax |
| (ii) Average rate of return | II. Discounted cash flow |
| (iii) Internal rate of return | III. Traditional method |
| (iv) Pay back method | IV. Decision based on cut-off rate |

Codes:

- | | | | | |
|-----|-----|------|-------|------|
| | (i) | (ii) | (iii) | (iv) |
| (A) | IV | I | II | III |
| (B) | IV | III | II | I |
| (C) | II | I | IV | III |
| (D) | I | III | IV | II |

Answer: (C)

56. The number of product lines a company carries is called

- (A) Product range (B) Product mix depth
(C) Product mix width (D) Product line length

Answer: (C)

57. Entrepreneurial failures can be attributed to:

- (A) Low quality raw materials (B) Labour problems
(C) High overhead costs (D) All of the above

Answer: (D)

58. What are the economic goals that guide the strategic direction of every viable business organization?

- (A) Goal, profit and public image (B) Public image, growth and profit
(C) Survival, growth and profitability (D) Growth, profitability and public image

Answer: (C)

59. Match the following:

- | | |
|---------------------------------|--------------------------------|
| (i) Sensitivity training | (a) Leadership |
| (ii) Hygiene factors | (b) Organisational Development |
| (iii) Number of subordinates | (c) Motivation |
| (iv) Likert's management system | (d) Span of management |

Codes:

- | | | | | |
|-----|-----|------|-------|------|
| | (i) | (ii) | (iii) | (iv) |
| (A) | (b) | (c) | (d) | (a) |
| (B) | (a) | (c) | (d) | (b) |
| (C) | (d) | (c) | (a) | (b) |
| (D) | (a) | (b) | (c) | (d) |

Answer: (A)

60. If the intrinsic value of the share is greater than market value, such shares are:

- (A) Undervalued (B) Over valued
(C) Neutral (D) None of the above

Answer: (A)

61. Which of the following is not a market oriented pricing technique?

- (A) Penetration pricing (B) Going rate pricing
(C) Perceived value pricing (D) Early-cash recovery pricing

Answer: (D)

62. Which one of the following facilitates E-Commerce?

- (A) Public relations (B) Direct marketing
(C) Personal selling (D) Product quality

Answer: (B)

63. Sensitivity analysis may be used in

- (A) Linear programming (B) Transportation programming
(C) PERT (D) CPM

Answer: (A)

64. Sensitivity training method is a part of

- (A) On-the-job training method (B) Off-the-job training method
(C) Vestibule training method (D) None of the above

Answer: (C)

65. A machine on the average produces 5% defective items. What are the mean and variance in a set of 32 items?

- (A) 16, 8 (B) 16, 4 (C) 4, 16 (D) None of the above

Answer: (D)

66. Distribution strategy of a company will be influenced by

- (A) Nature of product (B) Target segment of consumers
(C) Pricing policy (D) All of the above

Answer: (D)

67. Which of the following is an example for unsystematic risk?

- (A) Interest rate risk (B) Exchange rate risk
(C) International risk (D) Operating risk

Answer: (D)

68. Match the following:

List – A

- (i) Job Analysis
(ii) Job Description
(iii) Job Specification
(iv) Job Classification

List – B

- (a) Grading jobs according to scale of pay
(b) A statement of human qualities to fill the job
(c) A process of obtaining job facts
(d) A statement of duties and responsibilities of a job

Codes:

- | | | | | |
|-----|-----|------|-------|------|
| | (i) | (ii) | (iii) | (iv) |
| (A) | (c) | (d) | (b) | (a) |
| (B) | (c) | (d) | (a) | (b) |
| (C) | (a) | (b) | (c) | (d) |
| (D) | (b) | (c) | (d) | (a) |

Answer: (A)

69. A positioning strategy should include the following strategies except

- (A) Product strategy (B) Personnel strategy
(C) Promotion strategy (D) Advertising strategy

Answer: (B)

70. Which among the following will suit the best as location for a chemical plant?

- (A) Desert Area (B) Coastal Area (C) Plains (D) Hill Area

Answer: (B)

71. When making purchase decisions the main consideration involved in organizational buying is:

- (A) Product quality (B) Price (C) Service (D) All the above

Answer: (D)

72. Which of the following is to be considered by an investor while exercising the option?

- (A) Exercise price (B) Spot price
(C) Exercise price and spot price (D) None of the above

Answer: (C)

73. Match the following:

List – A

- (i) Indian Trade Union Act
(ii) Industrial Dispute Act
(iii) The Workmen's Compensation Act
(iv) The Employees' State Insurance Act

List – B

- (a) 1923
(b) 1926
(c) 1948
(d) 1947

Codes:

- | | | | | |
|-----|-----|------|-------|------|
| | (i) | (ii) | (iii) | (iv) |
| (A) | (b) | (d) | (a) | (c) |
| (B) | (b) | (c) | (d) | (a) |
| (C) | (b) | (d) | (c) | (a) |
| (D) | (a) | (c) | (b) | (d) |

Answer: (A)

74. Who creates and implements strategic change in an organization?

- (A) Directors (B) Consultants

(C) H. R. Managers

(D) Strategist

Answer: (D)

75. Which of the variables is not used by marketers for demographic segmentation?

(A) Age

(B) Income

(C) Gender

(D) Poverty

Answer: (D)

-

1. The Marshallian utility analysis is based on a less valid assumption of

(A) Cardinal measurement of utility

(B) Constant marginal utility of money

(C) Diminishing marginal utility of goods

(D) Additivity of the utility

Answer: (B)

2. An appropriate pricing strategy for a new product to be introduced in the market will be

(A) Average/Marginal cost-plus pricing

(B) Skimming/Penetrating pricing

(C) Product-line pricing

(D) Differential pricing

Answer: (B)

3. Economic capacity of a plant represents the firm's capability for

(A) Maximum physical output

(B) Maximum marginal output

(C) Break-even level of output and sale

(D) Output that equates average and marginal costs

Answer: (D)

4. Multi-stage approach to product pricing in a firm involves considerations for setting the price as follows:

i. Selection of firm's objective

ii. Composition of marketing-mix

iii. Selection of target market

iv. Selection of pricing policy and strategy

Indicate correct sequence:

(A) iv → ii → i → iii

(B) iii → i → ii → iv

(C) ii → iv → iii → I

(D) i → iii → ii → iv

Answer: (B)

5. Which one of the following practices is not sought to be regulated under the Consumer Protection Act, 1986? www.netugc.com

(A) Sales of defective goods

(B) Supply of services having some deficiency

(C) Misleading advertisements

(D) Goods supplied free of charge

Answer: (D)

6. The leadership prototype

(A) is useful primarily for selection and training of employees

(B) Uses LPC (Least Preferred Co-worker) as an important component

(C) Depicts the image of a model leader

(D) Emphasizes leadership development

Answer: (C)

7. Which is not a perceptual process stage?

(A) Attention/selection

(B) Interpretation

(C) Follow-through

(D) Retrieval

Answer: (A)

8. Which statement is correct?

- (A) Goals act as the set of constraints that an organization must satisfy.
 (B) Deterministic goals specify the end or direction towards which the organization applies its efforts, and they can be fairly determined.
 (C) Goals may be categorized as deterministic and constraint goals.
 (D) All of the above.

Answer: (D)

9. According to Fiedler's Contingency Model of Leadership, which one of the following is not situational variable?

- (A) Leader-Member relations (B) Task structure
 (C) Position power (D) Maturity of followers

Answer: (D)

10. Which is not a centralized communication network system?

- (A) Wheel Network (B) Y-shaped Network
 (C) Circle Network (D) Chain Network

Answer: (C)

11. Why is 'procedural justice' important in the context of the management of misconduct?

- (A) It reflects on the integrity of HR professionals.
 (B) It ensures that individuals have a sense that they have been treated fairly.
 (C) It reflects on the values and attitudes of top management.
 (D) It protects the interest of daily wage earners.

Answer: (B)

12. To be effective a points-based rating system requires:

- (A) Close management control (B) Comprehensive, reliable and consistent information
 (C) Objectivity in assessments (D) 360° assessment

Answer: (B)

13. Too much of reliance on internal recruitment can result in

- (A) Reduced job performance (B) High labour turnover
 (C) Internal conflict (D) Poor group dynamics

Answer: (A)

14. The concept of stagnation in the context of HRM means:

- (A) Lack of appropriate selection criteria.
 (B) HR staff having very limited experience outside the HR functions.
 (C) Over-reliance on the internal labour market to fill new positions.
 (D) Lack of integration of recruitment and selection into the wider human resource function.

Answer: (B)

15. Negotiations are an important aspect of the collective-bargaining process. What do they ensure? www.netugc.com

- (A) That conflict is contained within manageable boundaries.
 (B) That there is an agreement between all parties involved.
 (C) That conflict is always resolved.
 (D) It achieves a set of lasting agreements.

Answer: (A)

16. If the going rate of interest is above the coupon rate, the bond will sell:

- (A) At a Premium (B) At a Discount
 (C) At Par (D) None of the above

Answer: (B)

17. In case the sales or project's investment deviates from expected ones, it needs

- (A) Optimistic scenario analysis (B) Sensitivity analysis
(C) Simulation analysis (D) Financial break-even analysis

Answer: (B)

18. 'Trading on equity' refers to

- (A) Optimum capital structure (B) Appropriate capitalization
(C) Capital gearing (D) Watered capital

Answer: (C)

19. Match the items of two lists, giving the correct code:

List - I

List - II

- | | |
|----------------------------------|-------------------------|
| a. Dividend Capitalisation Model | i. John Lintner |
| b. Dividend Relevance Model | ii. James E. Walter |
| c. Dividend Irrelevance Model | iii. Myron Gordon |
| d. Dividend Payout Model | iv. Modigliani & Miller |

Codes:

- | | | | | |
|-----|-----|-----|-----|-----|
| | a | b | c | d |
| (A) | ii | I | iii | iv |
| (B) | I | iv | ii | iii |
| (C) | iii | ii | iv | i |
| (D) | iv | iii | I | ii |

Answer: (C)

20. The excess payment by the new company to the amalgamating companies for the appraised value of the assets and liabilities taken over is accounted as

- (A) Capital Reserve (B) Bonus Share Capital
(C) Goodwill (D) Amount paid for the acquisition of the brand

Answer: (C)

21. Which of the following is direct marketing?

- (A) Face to-face marketing (B) Catalogue marketing
(C) Direct mailing (D) Test marketing

Answer: (A)

22. In marketing research, primary data can be collected through

- (A) Observational Method (B) Survey Method
(C) Experimental Method (D) All of the above

Answer: (D)

23. Holistic marketing does not include

- (A) Internal Marketing (B) Integrated Marketing
(C) Performance Marketing (D) Financial Marketing

Answer: (D)

24. Which of the following is not a distinctive characteristic of services?

- (A) Transparency (B) Intangibility
(C) Inseparability (D) Perishability

Answer: (D)

25. To remain dominant, a market leader looks for

- (A) Ways to expand total market demand (B) Attempting to protect its current share
(C) Increasing its market share (D) all of the above

Answer: (D)

26. Consider the names of Organisations/persons listed in List – I and their role/functions given in List – II:

List – I

- a. Bureau of Indian Standards (BIS)
- b. Zeithmal, Parasuraman and Berry
- c. ISO

d. National Assessment and Accreditation Council

List – II

- i. Measurement of Service quality
- ii. Measurement of quality of Educational service
- iii. Standardisation and quality control of manufactured goods

iv. Quality marking and Certification of standards

Indicate the correct matching:

Codes:

	a	b	c	d
(A)	i	ii	iii	iv
(B)	ii	iii	iv	i
(C)	iv	ii	iii	i
(D)	iii	I	iv	ii

Answer: (D)

27. In Linear Programming, which one of the following cases is not a type of sensitivity analysis?

- (A) Model building
- (B) Objective-function ranging
- (C) Pricing out
- (D) Right hand-side ranging

Answer: (A)

28. The upper control limit for an X chart, with $n = 9$, $\bar{x} = 26.7$, $R = 5.3$ and $d_2 = 2.970$, is

- (A) 24.9
- (B) 26.11
- (C) 27.29
- (D) 28.48

Answer: (D)

29. The additional cost of shortening an activity by one unit of time is

- (A) Cost slope
- (B) Crash cost
- (C) Crash time
- (D) Least cost

Answer: (A)

30. Which method is least suited for forecasting the demand of a new product?

- (A) Survey of Buyers' Intentions
- (B) Composite Opinions of Sales Force
- (C) Test Marketing
- (D) Time-Series Analysis

Answer: (D)

31. In a hypothesis test, $\alpha = 0.05$ and $\beta = 0.10$, the power of the test is

- (A) 0.10
- (B) 0.90
- (C) 0.95
- (D) 0.15

Answer: (B)

32. When performing a Chi-square hypothesis test, what happens when expected frequencies in several cells are too small?

- (A) Value of χ^2 will be overestimated.
- (B) The null hypothesis will be more likely to be rejected than it should be.
- (C) The degrees of freedom are greatly reduced.
- (D) (A) and (B), but not (C).

Answer: (D)

33. Under which situation, the method of 'experimentation, modeling and sensitivity analysis' is used to determine the information requirements of the management?

- (A) Total Uncertainty
- (B) High Risk
- (C) Low Risk
- (D) Certainty

Answer: (A)

34. The technique(s) that can be used in data mining is/are:

- (A) Non-linear Regression Methods (B) Decision tree
(C) Neural networks (D) All of the above

Answer: (D)

35. A Binomial distribution may be approximated by a Poisson distribution, if:

- i. 'n' is large and 'p' is large. ii. 'n' is small and 'p' is large.
iii. 'n' is small and 'p' is small. iv. 'n' is large and 'p' is small.

Codes:

- (A) i, ii and iii (B) ii only
(C) iii and iv only (D) iv only

Answer: (D)

36. Double taxation relief is normally provided by the country in which the parent company has its legal residence. It is provided in the following modes:

- i. Credit system without deferral ii. Credit system with deferral
iii. Deduction of tax paid abroad as expenditure iv. Investment credit
v. Tax subsidy

Identify the correct combination.

Codes:

- (A) i, ii, iii and iv (B) i, ii, iv and v
(C) ii, iii, iv and v (D) i, ii, iii and v

Answer: (A)

37. The strategies of a global firm are affected by the following factors:

- i. Different countries have different labour mixes.
ii. The legal, economic, social and cultural environment varies from one country to another.
iii. Different countries have different time lines and geographical boundaries.
iv. Political relationship between the home country and the host country.

Indicate the correct combination.

Codes:

- (A) i, ii and iii (B) ii, iii and iv
(C) i, ii and iv (D) i and ii only

Answer: (C)

38. Match the items of List - I and List - II:

- | List - I | List - II |
|--------------|-----------------|
| a. UNCTAD I | i. India |
| b. UNCTAD II | ii. Brazil |
| c. UNCTAD X | iii. Thailand |
| d. UNCTAD XI | iv. Switzerland |

Indicate the correct matching.

Codes:

- | | A | b | c | d |
|-----|-----|---|-----|-----|
| (A) | iv | I | iii | ii |
| (B) | iii | I | iv | ii |
| (C) | ii | I | iii | iv |
| (D) | iv | I | ii | iii |

Answer: (A)

39. In the context of International Business, whether an equal distribution of income in the host country:

- (A) Has nothing to do with the MNCs market segmentation strategy.

- (B) Matters greatly to the MNCs market segmentation strategy.
 (C) Has little impact on the MNCs market segmentation strategy.
 (D) Has a significant impact on the MNCs market segmentation strategy if the economy is at the take-off stage.

Answer: (A)

40. Statement-I: Cost of retained earnings is included in the cost of equity in the context of international business.

Statement-II: Interest rate swap and currency swap are used interchangeably in international business.

- (A) Statement I is true, but Statement II is false. (B) Statement I is false, but Statement II is true.
 (C) Both the statements I and II are true. (D) Both the Statements I and II are false.

Answer: (D)

41. Who said – “An entrepreneur always searches for change, responds to it and exploit it as an opportunity.”?

- (A) James Burna (B) McClelland
 (C) Peter F. Drucker (D) Robert C. Ronstadt

Answer: (C)

42. 'Kakinada Experiment' on achievement motivation was conducted in

- (A) Uttar Pradesh (B) Jammu & Kashmir
 (C) Andhra Pradesh (D) Gujarat

Answer: (C)

43. The entrepreneurial process consists of the following steps:

- i. Management of the resulting enterprise.
 ii. Determination of the required resources.
 iii. Identification and evaluation of the opportunity.
 iv. Development of the business plan.

Indicate the correct sequence.

Codes:

- (A) iii iv I ii
 (B) iv I iii ii
 (C) iii iv ii i
 (D) iv I ii iii

Answer: (C)

44. Match the items given in List – I and List – II:

List – I

List – II

- a. Market Research i. Sales promotion
 b. Financial Plan ii. Form of business
 c. Ownership iii. Budgeting
 d. Marketing Plan iv. Exploring market opportunity

Codes:

- A b c d
 (A) I ii iii iv
 (B) iv iii I ii
 (C) iv iii ii i
 (D) I ii iv iii

Answer: (C)

45. TePP stands for

- (A) Technology for Promotion and Production (B) Trade for Profitability and Productivity

(C) Technopreneur Promotion Programme

(D) None of the above

Answer: (C)

46. Indo-American Model of Corporate Governance sets top most priority to

(A) Business growth

(B) Customers

(C) Employees

(D) Shareholders

Answer: (D)

47. A good governance in corporate sector depends upon

(A) Strong political will

(B) Transparency and accountability

(C) Trade Union practices

(D) Social and political responses

Answer: (B)

48. Corporate leaders in India in private sector are tempted by a very high target of _____ and the concerned employees have to achieve the target for promotion and stability.

(A) Money making

(B) Business growth

(C) Product development

(D) Profit

Answer: (D)

49. Corporate business ethics is _____ norms and pattern that spring from organizational view of good and bad, right and wrong.

(A) Social

(B) Behavioural

(C) Institutional

(D) Individual

Answer: (B)

50. Trade Union strike supporting a political cause and affecting production activities is a problem related to

(A) Socio-economic phenomenon

(B) Ethical and technical phenomenon

(C) Ethical and economic phenomenon

(D) Socio-political phenomenon

Answer: (C)

1. Match the items of List – I with those of List – II and give the correct code from the following:

List – I

List – II

a. Sales Maximization Model

i. John Williamson

b. Managerial Discretion Model

ii. R.M. Cyert and J.G. March

c. Integrative Model

iii. William J. Baumol

d. Behavioral Model

iv. Oliver Williamson

Codes:

	A	b	c	d
(A)	ii	iii	iv	i
(B)	iii	iv	I	ii
(C)	I	ii	iii	iv
(D)	iv	I	ii	iii

Answer: (B)

2. Match the items of the following two lists and give the correct code for the following:

List – I

List – II

a. Scale of Preferences

i. Indifference Curves

b. Inadequate Explanation of Giffen Goods

ii. Ordinal Utility

c. Curves always slope negatively

iii. Demand Curves

d. In separation of Income and Substitution affects iv. Marshallian Utility Analysis

Codes:

	A	b	c	d
(A)	ii	I	iii	iv
(B)	I	iii	iv	ii
(C)	ii	iv	I	iii
(D)	iii	ii	iv	i

Answer: (C)

3. Cost-plus pricing is not suitable for

- (A) Monopoly Pricing (B) Product Tailoring
(C) Refusal Pricing (D) Monopsony Pricing

Answer: (A)

4. Indicate the correct code matching the items of List – I with those in List – II as follows:

List – I

List – II

- | | |
|----------------------------------|--|
| a. Resorting to New Technology | i. Cost reduction through output expansion |
| b. Excess Capacity of the Plant | ii. Constant cost despite output expansion |
| c. Employees' Training Centers | iii. Internal Economies |
| d. Reserve Capacity of the Plant | iv. External Economies |

Codes:

	A	b	c	d
(A)	I	iii	ii	iv
(B)	iii	I	iv	ii
(C)	iv	ii	I	iii
(D)	ii	iv	iii	i

Answer: (B)

5. In a mixed economy, the central problems are solved through which of following?

- (A) Price mechanism (B) Regulated market mechanism
(C) Market mechanism and economic planning (D) Economic planning and control

Answer: (C)

6. Indicate the correct code matching the items in List – I with those in List – II as follows:

List – I	List – II
a. Excess of aggregate investment over aggregate savings, at full employment level	i. Stability of National Income
b. Equality of aggregate income and savings	ii. Recessionary gap
c. Comparatively greater decrease in income following a decrease in investment	iii. Multiplier effect
d. Aggregate expenditure being less than national income at full employment level	iv. Inflationary gap

Codes:

	A	b	c	d
(A)	ii	iv	I	iii
(B)	iv	I	iii	ii
(C)	iii	ii	iv	i
(D)	i	iii	ii	iv

Answer: (B)

7. The study of gestures and body postures for their impact on communication is known as:

- (A) Kinesics (B) Proxemics

(C) Semantics

(D) Informal channels

Answer: (A)

8. Which of the following deals with “what, why, when and how” tasks to be performed?

(A) Job Analysis

(B) Job Description

(C) Job Specification

(D) Job Enrichment

Answer: (B)

9. According to Henry Mintberg, managers perform three roles. Indicate the one role which is not among them.

(A) Decisional

(B) Informational

(C) Interpersonal

(D) Supervisory

Answer: (D)

10. The Ringlemann effect describes

(A) The tendency of groups to make risky decisions

(B) Social loafing

(C) Social facilitation

(D) The satisfaction of members' social needs

Answer: (B)

11. The term “workforce diversity” refers to differences in race, age, gender, ethnicity, and _____ among people at work.

(A) Social status

(B) Personal wealth

(C) Able-bodiedness

(D) Political preference

Answer: (C)

12. Match the following and indicate the correct code:

List I	List-II
a. A form of learning through association that involves the manipulation of stimuli to influence behavior	i. Stimulus
b. The process of controlling behavior by manipulating its consequences	ii. Reinforcement
c. Something that incites action	iii. Operant conditioning
d. The administration of a consequence as a result of behavior	iv. Classical conditioning

Codes:

- | | | | | |
|-----|-----|-----|-----|----|
| | a | b | c | d |
| (A) | i | ii | iii | iv |
| (B) | iv | iii | ii | i |
| (C) | iii | iv | i | ii |
| (D) | iv | iii | I | ii |

Answer: (D)

13. Which of the following techniques permits the complainant to remain anonymous?

(A) The exit interview

(B) The gripe-box system

(C) The opinion survey

(D) None of the above

Answer: (B)

14. Which of the following Acts has a direct relevance for grievance handling practices?

(A) The Industrial Employment (Standing Order) Act, 1946

(B) The Industrial Disputes Act, 1947

(C) The Factories Act, 1948

(D) All of the above

Answer: (D)

15. That the authority rests solely with the management with no right to anyone to challenge is the basis of the

(A) Pluralist Approach

(B) Systems Approach

(C) Unitary Approach

(D) Social Action Approach

Answer: (C)

16. Which of the following is not a welfare provision under the Factories Act, 1948?

(A) Canteen

(B) Crèches

(C) First Aid

(D) Drinking water

Answer: (D)

17. A person who has ultimate control over the affairs of the factory under the Factories Act, 1948 is called

(A) Occupier

(B) Manager

(C) Chairman

(D) Managing Director

Answer: (A)

18. In which of the following methods grievances are ascertained at the time of employees quitting the organisation?

(A) The exit interview method

(B) The gripe-box system

(C) The open-door policy

(D) Opinion surveys

Answer: (A)

19. Redressal of employees' grievances covers

(A) Positive attitude towards employees' grievances and readiness to help

(B) Expediting machinery for resolving employees' grievances

(C) Equitable salary system for all

(D) Both (A) and (B)

Answer: (D)

20. Which of the following are most closely interconnected?

(A) Leadership and organization structure

(B) Leadership and motivation

(C) Leadership and planning

(D) Leadership and performance appraisal

Answer: (B)

21. _____ is defined as disputes between parties submitted and decided by a neutral third party.

(A) Collective Bargaining

(B) Affirmation Action

(C) Arbitration

(D) Negotiation

Answer: (C)

22. The appropriate method to derive the growth rate according to Dividend- Growth Model for equity valuation is

(A) Growth rate of sales over a period of time

(B) Plough-back ratio multiplied with return-on-equity

(C) Plough-back ratio multiplied with net profit margin

(D) Growth rate of fixed assets over a period of time

Answer: (B)

23. Match the items given in List – I and List – II and indicate the correct code:

List – I

List – II

- a. The technique used in examining the effect of change in one variable at a time **i. Hillier Model**
 b. The process of developing the frequency distribution of Net Present Value **ii. Sensitivity Analysis**
 c. The technique used in examining the chances of Net Present Value being greater than zero **iii. Decision tree**
 d. The technique used when investment at a future date is to be decided based on the probable outcome of previous investment **iv. Simulation**

Codes:

	a	b	c	d
(A)	I	ii	iv	iii
(B)	ii	iv	I	iii
(C)	iii	iv	I	ii
(D)	iv	I	ii	iii

Answer: (B)

24. Match the correct option for each of the following approaches of Capital structure theories:

- a. The Net Income Approach **i. The market value of the firm is not affected by changes in the capital structure**
 b. The Net Operating Income Approach **ii. Declining weighted-average cost of capital**
 c. The Modigliani & Miller Proposition – I **iii. The firms prefer to rely on internal accruals followed by debt finance and external finance**
 d. The Pecking Order Theory **iv. The value of the firm depends on the earnings and risk of its assets rather than the way the assets have been financed**

Codes:

	A	b	c	d
(A)	I	iii	ii	iv
(B)	iv	ii	iii	i
(C)	ii	I	iv	iii
(D)	iii	iv	I	ii

Answer: (C)

25. Under the Walter Model, if the rate of return is greater than the cost of capital:

- (A) Price per share does not vary with the increase or decrease in dividend pay-out ratio.
 (B) Price per share increases as the dividend pay-out ratio increases.
 (C) Price per share increases as the dividend pay-out ratio decreases.
 (D) None of the above.

Answer: (C)

26. Which one of the following is not the major objective of International Monetary Fund?

- (A) Promoting co-operation among countries on international monetary issues.
 (B) Giving loans to countries for the purpose of economic development.
 (C) Promoting stability in the exchange rates.
 (D) Promoting free mobility of capital across countries.

Answer: (B)

27. Match the correct combination for Assertion and Reason as argued by Shapiro and Titman:

Assertion (A): Management decisions to insure or hedge asset appear at best neutral mutation.

Reason (R): The price of systematic risk is identical for all the participants in the financial market.

- (A) Assertion (A) is correct, but Reason (R) is incorrect.
 (B) Assertion (A) is incorrect, but Reason (R) is correct.
 (C) Both the Assertion (A) and the Reason (R) are incorrect.
 (D) Both the Assertion (A) and the Reason (R) are correct.

Answer: (D)

28. Conservative policy of working capital refers to

- i. Situation with high investment in current assets
- ii. Situation which stimulates sales
- iii. Situation with frequent production stoppages

Codes:

- (A) iii is correct.
- (B) ii is correct.
- (C) i is correct.
- (D) i and ii are correct.

Answer: (D)

29. DUPONT analysis refers to

- (A) Earning Per Share = (Net Profit / Number of Equity Shares)
- (B) Return on Assets = (Net Profit Margin) / (Total Assets Turnover Ratio)
- (C) Total Assets Turnover Ratio = (Sales Average) / (Total Assets)
- (D) None of the above

Answer: (B)

30. Match the following and indicate the correct code:

a. Mergers resulting into economies achieved primarily by eliminating the duplicate facilities

i. **Conglomerate Merger**

b. Mergers resulting into expansion of company's business towards ultimate consumer or source of raw material ii. **Horizontal Merger**

c. Mergers in unrelated line of business iii. **Vertical Merger**

Codes:

- | | A | b | c |
|-----|-----|-----|-----|
| (A) | I | ii | iii |
| (B) | ii | iii | i |
| (C) | iii | I | ii |
| (D) | iii | ii | i |

Answer: (B)

31. Consider the following statements:

1. Usually people from the same culture, social class and occupation have the same life style.
 2. The consumer buying decision will involve the same stages regardless of whether the goods involved are low or high involvement.
 3. "Salesmen are born, not made."
 4. The ultimate goal of a customer-oriented organization is to maximize its customer's satisfaction.
- Indicate the correct answer through the codes.

Codes:

- (A) All the statements are true.
- (B) Statements 1 and 2 are false, others are true.
- (C) Statement 3 is true, others are false.
- (D) All are false.

Answer: (D)

32. Cognitive dissonance is associated with which stage of the consumer buying decision process?

- (A) Need recognition
- (B) Information search
- (C) Evaluation of alternative
- (D) None of the above

Answer: (D)

33. Consider the following statements:

- i. Brand equity is a function of brand awareness and brand preference.
- ii. Product lines tend to shorten over time.
- iii. The Standards of Weights and Measures (Packaged Commodities) Rules, 1977 provide for the labelling rules relating to packaged commodities.
- iv. AIDA Model is relevant to advertising as well as physical distribution.

Indicate the correct answer.

Codes:

- (A) All the above statements are false. (B) Only iii is true.
(C) i, iii and iv are true. (D) Only i is true.

Answer: (B)

34. A marketer developing a brand name that is easy to pronounce would conduct:

- (A) An association test (B) A memory test
(C) A preference test (D) A recall test

Answer: (D)

35. Before performing the business analysis for developing a new product, a company should be engaged in

- (A) Idea screening (B) Product development
(C) Marketing strategy development (D) Product positioning

Answer: (C)

36. Relationship marketing aims at building mutually satisfying long term relations with

- (A) Customers (B) Employees
(C) Marketing partners (D) All of the above

Answer: (D)

37. In the social-cultural arena, marketers may not understand

- (A) People's views (B) Organisation's views
(C) Society's views (D) Government's views

Answer: (D)

38. A manufacturer of industrial goods would use _____ sales force structure.

- (A) Territorial (B) Matrix
(C) Product (D) Market

Answer: (D)

39. Which of the following is/are a type(s) of direct marketing?

- (A) Direct-Response Advertising (B) Personal Selling
(C) Telemarketing (D) All of the above

Answer: (D)

40. In inventory control, which one of the following factors does not affect the ROL (Re-Order-Level)?

- (A) Average Daily Usage (B) Lead Time
(C) Safety Stock (D) Holding Costs

Answer: (D)

41. The number of allocated cells in the optimal solution of a transportation problem having m rows and n columns is:

- (A) $m + n - 1$ (B) $m + n - 1$ or less
(C) $m + n + 1$ (D) None of the above

Answer: (B)

42. In a railway yard, goods trains arrive at a rate of 30 trains per day. Assume that the inter-arrival time follows an exponential distribution and the service distribution is also an exponential with an average of 36 minutes. The probability that the size of the queue exceeds 10 is

- (A) 0.944 (B) 0.750 (C) 0.250 (D) 0.056

Answer: (D)

43. If in the optimal solution of a linear programming problem, a non-basic variable has zero value in the $C_j - Z_j$ row, the problem

- (A) Has no feasible solution (B) Has multiple optimal solutions
(C) is unbounded (D) (A) and (B), but not (C)

Answer: (B)

44. The best model to compute the probability that a machine functioning well in one period will continue to function or will break down in the next period is

- (A) Delphi Model (B) Decision-tree Model
(C) Multiplicative Model (D) Markov-Process Model

Answer: (D)

45. Statement – I: \bar{X} and R charts use the sample standard deviation to measure process variability. Statement – II: The lower control limit on an R chart is always $R - (1 - 3d_3/d_2)$.

Codes:

- (A) Both Statements I and II are correct. (B) Statement I is correct, but II is wrong.
(C) Statement I is wrong, but II is correct. (D) Both Statements I and II are wrong.

Answer: (D)

47. Read the following statements and indicate the correct code from given below:

Statement I: A subjective probability may be nothing more than an educated guess.

Statement II: One reason that decision-makers at high levels often use subjective probabilities is that they are concerned with unique situations.

Codes:

- (A) Statement I is correct, but Statement II is wrong.
(B) Statement I is wrong, but Statement II is correct.
(C) Both Statements I and II are correct.
(D) Both Statements I and II are wrong.

Answer: (C)

48. Which of the following is a step in performing analysis of variance?

- i. Determine an estimate of population variance from within samples.
ii. Determine an estimate of population variance from among the sample means.
iii. Determine the difference between expected and observed frequency for each class.

Codes:

- (A) i and ii only. (B) i and iii only.
(C) ii and iii only. (D) i, ii and iii

Answer: (A)

49. From the following, identify the decision-support systems:

- i. Status inquiry system ii. Data analysis system
iii. Accounting system iv. Information system

Codes:

- (A) i, ii and iii (B) ii, iii and iv
(C) only iii (D) i, ii, iii and iv

Answer: (D)

50. Which of the following are the components of data warehouses?

- i. Metadata ii. Integration Programs
iii. Summarized data iv. Archives

Codes:

- (A) i, ii and iii only (B) i, iii and iv only
(C) ii, iii and iv only (D) i, ii, iii and iv

Answer: (D)

51. Arrange the following stages involved in DBMS in proper sequence:

- | | |
|-----------------------|--------------|
| i. Creating | ii. Defining |
| iii. Data structuring | iv. Updating |
| v. Interrogating | |

Codes:

- | | |
|--------------------------|--------------------------|
| (A) i, iii, ii, iv and v | (B) ii, i, iii, v and iv |
| (C) iii, ii, v, iv and I | (D) ii, iii, i, iv and v |

Answer: (C)

52. For years Converse had a major share in the athletic shoe market. Then, in the 1980's, Nike and Reebok re-invented the athletic shoe industry, and Converse changed nothing. Now Converse is a minor brand in a growth industry. According to the BCG matrix, Converse is an example of

- | | |
|-------------------|----------|
| (A) Cash Cow | (B) Dog |
| (C) Question mark | (D) Star |

Answer: (C)

53. The managerial process of developing and maintaining a viable fit between an organization's objectives, skills, and resources, and its market opportunities is called

- | | |
|---|--|
| (A) Establishing strategic business units | (B) Market-oriented strategic planning |
| (C) Market research | (D) Portfolio analysis |

Answer: (B)

54. Low cost, product differentiation, and focused market are the examples of

- | | |
|-------------------------|--------------------------|
| (A) Corporate strategy | (B) Business strategy |
| (C) Functional strategy | (D) Behavioural strategy |

Answer: (B)

55. The word "Tactic" is the most likely to be associated with

- | | |
|--------------------------|--------------------------|
| (A) Corporate strategy | (B) Business strategy |
| (C) Operational strategy | (D) Behavioural strategy |

Answer: (C)

56. A marketing effectiveness review is part of ____ control.

- | | |
|-----------------|-------------------|
| (A) Annual Plan | (B) Profitability |
| (C) Proficiency | (D) Strategic |

Answer: (D)

57. When a cigarette manufacturing company drastically cuts price of a popular brand of its cigarettes, to increase its share in the competitive market, it is implementing a ____ strategy.

- | | |
|------------------------|-------------------------|
| (A) Integrative growth | (B) Market development |
| (C) Market penetration | (D) Product development |

Answer: (C)

58. An entrepreneur who is neither willing to introduce new changes nor to adopt new methods is known as:

- | | |
|-----------------------------|-------------------------|
| (A) Adoptive Entrepreneur | (B) Fabian Entrepreneur |
| (C) Innovative Entrepreneur | (D) Drone Entrepreneur |

Answer: (D)

59. UNIDO preparatory meeting on the "Role of Women in Industrialization in Developing Countries" held in February 1978. Identified constraints, which hinder women from participating in industrial activities. The meeting was held at

- (A) Vienna (B) New Delhi
(C) Geneva (D) Mexico City

Answer: (A)

60. Which of the following statements is false?

- (A) Venture capital is outside equity that comes from professionally managed pools of investor money.
(B) Term Loan from bank is needed to pay dividends to shareholders on time.
(C) Permanent working capital is the amount a firm needs to produce goods and services at the lowest point of demand.
(D) Temporary working capital is the amount which a firm may need to meet seasonal demand.

Answer: (B)

61. Small Industries Development Organisations (SIDO) has been set up to

- (A) Promote, aid and foster the growth of small-scale industries in the country.
(B) Formulate, coordinate and monitor the policies and programmes for promotion and development of small scale industries.
(C) Provide consultancy and training to small entrepreneurs – both existing and prospective.
(D) Provide integrated administrative framework at the district level for promotion of small-scale industries in rural areas.

Answer: (B)

62. Match the items in the two lists:

List – I

(Part of Social Responsibility)

- a. Responsibility towards owners
b. Responsibility towards employees'
c. Responsibility towards depositors'
d. Responsibility towards customers
v. Interest

List – II

(Features)

- i. Stock
ii. Quality product
iii. Safety of their investment
iv. Job security

Codes:

- | | | | | |
|-----|-----|-----|----|----|
| | A | b | c | d |
| (A) | I | iii | ii | v |
| (B) | iii | iv | v | ii |
| (C) | I | iii | v | ii |
| (D) | iii | iv | ii | i |

Answer: (B)

63. First industrial estate in India was established by SSIB in 1955 at

- (A) Okhla in Delhi (B) Ghaziabad in Uttar Pradesh
(C) Rajkot in Gujarat (D) Sannat Nagar in Jammu & Kashmir

Answer: (C)

64. The Companies Bill, 2012 has been passed by Parliament in August, 2013. What is not true about this Bill?

1. It does not provide for corporate social responsibility.
2. It provides for measures to curb corporate frauds.
3. It does not include the concept of corporate fraud.
4. It emphasizes on self-reputation and stringent penalties on professionals.

Codes:

- (A) All of the above are true.
(B) While items 1 and 2 are true, the rest are not.
(C) While items 2 and 4 are true, the rest are not.
(D) All of the above are false.

Answer: (C)

65. A high ranking organizational official (e.g. general counsellor or vice president) who is expected to provide strategies for ensuring ethical conduct throughout the organization is known as

- (A) Ethics Manager (B) Ethics Officer
(C) Ethics Controller (D) Ethics Counsellor

Answer: (B)

66. Indicate the correct code for the following statements about Assertion (A) And Reason (R):
Assertion (A): All ethical theories are not equally applicable every time in all types of ethical dilemma resolution.

Reason (R): The ethical resolution should be based as far as possible on a cognitive ethical principle with justification.

Codes:

- (A) (A) is correct, (R) is incorrect.
(B) (R) is correct, (A) is incorrect.
(C) Both the statements (A) and (R) are correct.
(D) Both the statements (A) and (R) are incorrect.

Answer: (C)

67. According to which committee should an organization submit regular social reports?

- (A) Sanchar Committee (B) Kumarmangalam Birla Report
(C) Both of above (D) None of above

Answer: (A)

68. The method of collecting money for Corporate Social Responsibility (CSR) by raising prices or following many other unethical ways is often described as:

- (A) Reverse effect (B) Reverse Robinhood effect
(C) Boomerang (D) Roosevelt effect

Answer: (B)

69. When the values and priorities of the parent organization guides the strategic decision making of all its international operations, it is known as

- (A) Polycentric Orientation (B) Regiocentric Orientation
(C) Ethnocentric Orientation (D) Geocentric Orientation

Answer: (C)

70. Indicate the correct code for the following two statements of Assertion and Reason:

Assertion (A): GDP increases a currency's value.

Reason (R): Since there is likely to be greater demand for country's currency.

Codes:

- (A) (A) and (R) both are correct, but (R) is not the appropriate explanation of (A).
(B) (A) and (R) both are correct and (R) is the right explanation of (A).
(C) (A) is correct, but (R) is not correct.
(D) Both (A) and (R) are not correct.

Answer: (A)

71. The salient features of India's Foreign Trade Policy are:

- i. Reducing the interest burden and extension of the interest subvention scheme.
- ii. Rationalizing defense-related imports.
- iii. Focus on labor-intensive sectors.
- iv. Extension of zero-duty EPCG scheme.

Codes:

- (A) All (i), (ii), (iii) and (iv) (B) (i), (ii) and (iii) only

(C) (i), (iii) and (iv) only

(D) (ii), (iii) and (iv) only

Answer: (C)

72. Arrange the following steps of Dispute Settlement Mechanism under the WTO in the systematic order:

i. Panel Proceedings

ii. Appellate Body

iii. Consultations

iv. Compliance Panel

v. Arbitration Panel

Codes:

(A) iii i ii iv v

(B) v iv iii ii i

(C) iv ii iii v I

(D) i ii iii iv v

Answer: (A)

73. Which of the following schemes is not a part of India's Foreign Trade Policy 2009-14?

(A) DFIA (Duty-Free Import Authorization)

(B) TFITES (Tax-Free IT Export Scheme)

(C) VKGUY (Vishesh Krishi and Gram Udyog Yojana)

(D) FMS (Focus-Market Scheme)

Answer: (B)

74. Indicate correct code for the following statements of Assertion (A) and Reasoning (R):

Assertion (A): The Global Managers must develop systems and policies that address floor price, ceiling price and optimum price.

Reasoning (R): The Global Managers must be in line with global opportunities and constraints.

Codes:

(A) (A) is correct, but (R) is not the right explanation of (A).

(B) (A) and (R) both are correct, but (R) is not the right explanation of (A).

(C) (A) and (R) both are correct, and (R) is the right explanation of (A).

(D) (A) and (R) both are incorrect.

Answer: (C)

75. Match the following in the context of International Market Entry and indicate the correct code:

List – I

List – II

a. Assembly

i. Exportswww.netugc.com

b. Acquisition

ii. Indirect Exports

c. Export House

iii. Contractual Entry

d. Commission Agent

iv. Direct Investment

Codes:

	A	b	c	d
(A)	iii	iv	I	ii
(B)	iv	iii	ii	i
(C)	I	ii	iii	iv
(D)	iv	ii	iii	i

Answer: (B)

2014 PAPER

1. The hypothesis that 'consumption in one period would be a function of income in that period and the returns on savings of the previous period' is given by

(A) Irving Fisher

(B) Franco Modigliani

(C) Duesenberry

(D) Robert Hall

Answer: (B)

2. From the following identify one which is not a property of Indifference curve?

(A) Indifference curves are downward sloping.

- (B) Indifference curves are concave to the origin.
 (C) Indifference curves are convex to the origin.
 (D) Indifference curves do not intersect each other.

Answer: (B)

3. Which one of the following statements is true?

- (A) Business decisions cannot be taken without a sound knowledge of Macro Economic Theories.
 (B) Knowledge of Economic Theory is misleading in making business decisions.
 (C) With the help of Economic Theories, it is always possible to predict the future accurately.
 (D) Every Economic Theory is based on realistic facts which are common to all societies.

Answer: (A)

4. Arrange the following in the proper order for decision under capital budgeting.

- (i) Estimating the cost and benefits of proposals.
 (ii) Deciding the investment objective.
 (iii) Selecting the best investment proposal.
 (iv) Applying the capital budgeting decision technique.

Codes:

- (A) (ii) (iv) (i) (iii) (B) (ii) (iv) (iii) (i)
 (C) (ii) (i) (iv) (iii) (D) (ii) (i) (iii) (iv)

Answer: (C)

5. Match the following items in List – A with the most appropriate options from List – B:

List-A

List-B

- a. A lender buys securities to protect him from a falling interest rate 1. Interest rate collar
 b. A borrower buys securities to protect himself from rising interest rate 2. Interest rate cap
 c. A combination of interest rate cap and floor 3. Interest rate corridor
 d. A combination of two or more interest rate caps 4. Interest rate floor

Codes:

- | | A | b | c | d |
|-----|---|---|---|---|
| (A) | 2 | 4 | 3 | 1 |
| (B) | 4 | 2 | 1 | 3 |
| (C) | 4 | 2 | 3 | 1 |
| (D) | 3 | 2 | 1 | 4 |

Answer: (B)

6. The form of learning in which people acquire new behaviours by systematically observing the rewards and punishments given to others is known as

- (A) Operant conditioning (B) Positive reinforcement
 (C) Modelling (D) Law of effect

Answer: (A)

7. Diffusion of routine information takes place through

- (A) Downward Communication (B) Upward Communication
 (C) Horizontal Communication (D) External Communication

Answer: (A)

8. An integrated group of activities to bring about a change is known as

- (A) Organization development (B) Interventions
 (C) OCTAPACE (D) Collaborative culture

Answer: (A)

9. Match the following:

- a. Motivation is a function of fairness in social exchanges. 1. Expectancy Theory

- b. People are motivated to behave in ways that produce valued outcomes. 2. **Alderfer's ERG Theory**
 c. Determining specific levels of performance for workers to attain and then striving to attain them.
 3. **Equity Theory**
 d. When people are frustrated by their inability to meet needs at the next higher level in the hierarchy, they regress to the next lower category of needs and intensify their desire to gratify these needs. 4. **Goal- Setting Theory**

Codes:

	A	b	c	d
(A)	1	2	3	4
(B)	4	3	2	1
(C)	3	1	4	2
(D)	3	4	1	2

Answer: (C)

10. Match the following:

- | | |
|------------------|---|
| a. Self-efficacy | 1. Determining specific levels of performance for workers to attain them. |
| b. Goal setting | 2. The belief that one's efforts will positively influence one's performance. |
| c. Expectancy | 3. People strive to maintain ratio of their own outcomes to their own inputs that are equal to that of those with whom they compare themselves. |
| d. Equity Theory | 4. One's belief about having the capacity to perform a task. |

Codes:

	a	b	c	d
(A)	1	2	3	4
(B)	4	1	2	3
(C)	3	4	1	2
(D)	2	3	4	1

Answer: (B)

11. Human resource planning system includes

- | | |
|------------------------------------|------------------------------|
| (A) Human resource supply forecast | (B) Human resource inventory |
| (C) Corporate plan | (D) All of the above |

Answer: (A)

12. Who among the following propounded the concept of collective bargaining?

- | | |
|--------------------------|--------------------------|
| (A) Beatrice and Gompers | (B) Beatrice and Emerson |
| (C) Gompers and Emerson | (D) Gautt and Gompers |

Answer:

13. What are the benefits of human resource planning?

- (A) Achieve economy in hiring new workers.
 (B) Match personnel activities and future organization objectives efficiently.
 (C) Improve the utilization of human resources.
 (D) All of the above

Answer: (D)

14. Human Resource Management includes

- | | |
|-----------------------|---------------------------|
| 1. Employee Grievance | 2. Organizational climate |
| 3. Job incentives | 4. Recruitment |

5. Selection

Select the correct answer from the following:

- | | |
|-------------------|----------------------|
| (A) 1, 2, 3 and 4 | (B) 1, 3, 4 and 5 |
| (C) 1 and 5 | (D) All of the above |

Answer: (B)

15. Match the following:

- | | |
|-----------------------|---|
| a. Job Analysis | 1. Determining worth of a job. |
| b. Job Evaluation | 2. Examining how work adds value to the ongoing process. |
| c. Job Design | 3. Determining the pertinent facts about the job. |
| d. Work Flow Analysis | 4. Organizing work into the tasks required to perform a specific job. |

Codes:

	A	b	c	d
(A)	1	2	3	4
(B)	4	3	2	1
(C)	3	1	4	2
(D)	2	3	1	4

Answer: (C)

16. Which ratio explains that how much portion of earning is distributed in the form of dividend?

- | | |
|---------------------------|---------------------------|
| (A) Dividend – Debt Ratio | (B) Equity – Debt Ratio |
| (C) Pay-out Ratio | (D) Earning – Yield Ratio |

Answer: (C)

17. Modern approach to financial management is

- | | |
|--|-------------------------------|
| I. The total fund requirement of the firm. | II. The asset to be acquired. |
| III. Payment of dividend to shareholders. | |
| (A) I only | (B) II only |
| (C) II & III only | (D) I, II & III |

Answer: (D)

18. Participating preference shares are those which participate in the

- | | |
|---|-------------------------------|
| (A) General meeting of the company | (B) Voting |
| (C) Profits over and above their fixed dividend | (D) Management of the company |

Answer: (C)

19. Which of the following is one of the critical assumptions of Walters' Model?

- (A) All financing is done through retained earnings; external sources of funds like debt or new equity capital are not used.
- (B) The retention ratio, once decided upon, is constant. Thus, the growth rate, ($g = br$) is also constant.
- (C) The capital markets are perfect and the investors behave rationally.
- (D) All of the above.

Answer: (A)

20. This consists of two lists of statements or terms and the candidate has to match an item in one list with an item in the other:

List-I (Statement)	List-II (Terms)
a. Preventing hostile takeover	1. Management buyout
b. Leveraged buyout	2. Green mail
c. Accounting for merger	3. Pooling of interest
d. Financing for merger	4. Cash offer

Codes:

	A	b	c	d
(A)	1	2	3	4
(B)	2	1	4	3
(C)	2	1	3	4
(D)	3	4	2	1

Answer: (C)

21. What kind of pricing strategy a firm should normally follow for marketing electronic goods?

- (A) Penetration pricing strategy (B) Skimming pricing strategy
(C) Cost plus pricing strategy (D) All of the above

Answer:

22. Which fact is true about on-line marketing?

- (A) A website which is user-friendly.
(B) A website which is user-friendly and regularly updated.
(C) A website which is user-friendly regularly updated and make product's graphical image available.
(D) A website which is user-friendly, regularly updated, provides product's graphical image and product's price is competitive.

Answer: (D)

23. Which of the following function involved under marketing management's function?

1. Collection of market information
2. Marketing coordination
3. Marketing controlling
4. All the above

Codes:

- (A) 1 & 2 (B) 2 & 3 (C) 3 only (D) 4 only

Answer: (D)

24. Two statements are given below:

Statement – I: Product concept of marketing holds that consumers would favour those products that are available and highly affordable.

Statement – II: Production concept of marketing holds that consumers would not buy enough of the company's product unless the company undertakes a substantial promotional effort.

Choose the correct option from the four options given below:

- (A) Statement I is correct and II is wrong. (B) Statement II is correct and I is wrong.
(C) Both statements are correct. (D) Both statements are wrong.

Answer: (D)

25. Match the following:

List-I

- a. Differentiation
b. Esteem
c. Relevance
d. Knowledge

List-II

1. How familiar and intimate consumers are with the brand.
2. The degree to which a brand is seen as different from others.
3. How well the brand is regarded and respected.
4. The breadth of a brand's appeal.

Codes:

- | | a | b | c | d |
|-----|---|---|---|---|
| (A) | 1 | 2 | 3 | 4 |
| (B) | 2 | 3 | 4 | 1 |
| (C) | 3 | 4 | 1 | 2 |
| (D) | 4 | 3 | 2 | 1 |

Answer: (B)

26. Work measurement refers to

- (A) The length of time it takes to complete a work task assigned to a specific job.
(B) Improving work methods.
(C) Arrangement of machines according to operations.
(D) Planning the work and working for the plans.

Answer: (A)

27. Facility planning includes

- (A) Determination of production capacity (B) Determination of production facilities location
(C) Determination of the layout (D) All the above

Answer: (D)

28. Match the following:

- | | |
|--|-------------|
| a. For fraction or proportion of defects | 1. R-chart |
| b. For number of defects | 2. C-chart |
| c. For number of defects for unit | 3. nP-Chart |
| d. For monitoring process variability | 4. P-Chart |

Codes:

- | | a | b | c | d |
|-----|---|---|---|---|
| (A) | 1 | 2 | 3 | 4 |
| (B) | 4 | 3 | 2 | 1 |
| (C) | 2 | 1 | 4 | 3 |
| (D) | 3 | 4 | 1 | 2 |

Answer: (B)

29. Statement – I: One of the major causes of the industry for larger capacity is the argument that large facilities facilitate greater economies of scale. But the major concern for building big capacity is that funds will be tied up or scarcity of funds.

Statement – II: A viable alternative to larger capacity production facilities is to develop subcontractor and supplier networks.

- (A) Both statements I & II are correct. (B) Both statements I & II are false.
(C) Statement I is correct and II is false. (D) Statement II is correct and I is false.

Answer: (A)

30. In a symmetrical distribution

- (A) Mean, Median and Mode values are identical.
(B) Mean, Median and Standard Deviation are equal.
(C) Mean, Median and Correlation are equal.
(D) None of the above

Answer: (A)

31. From the following, identify the test which can be used both as parametric and non-parametric?

- (A) 't' test (B) 'F' test (C) 'Chi-square' test (D) 'Wil-coxon' test

Answer: (C)

32. Arrange the following in ascending order in the testing of hypothesis:

- (i) Determining the level of significance (ii) Deciding the Statistical Test and computation
(iii) Setting the hypothesis (iv) Decision

Codes:

- (A) (iii), (ii), (i) and (iv) (B) (iii), (i), (ii) and (iv)
(C) (i), (iii), (ii) and (iv) (D) (i), (iii), (iv) and (ii)

Answer: (B)

33. $Y = a + bX$ refers to

- (A) Y = independent variable, a = slope of the line, b = Y intercept and X = dependent variable
(B) Y = dependent variable, a = slope of the line, b = Y intercept and X = independent variable
(C) Y = independent variable, a = dependent variable, b = Y intercept and X = slope of the line
(D) Y = dependent variable, a = Y intercept, b = slope of the line and X = independent variable

Answer: (D)

34. Select the most appropriate option from Column B against the items in Column A:

Column A

Column B

a. Computer used to operate large corporate systems and databases 1.Components of information system

b. Data flow diagram

2. RAID

c. Equipment, procedures and end user

3. Structured design

Codes:

	A	b	c
(A)	3	2	1
(B)	2	3	1
(C)	1	2	3
(D)	2	1	3

Answer: (B)

35. According to Michael Porter, a strategy aims at producing products and services considered unique industry wide and directed at consumers who are relatively price-insensitive is known as

(A) Cost Leadership – Best Value

(B) Differentiation

(C) Focus – Low Cost

(D) Focus – Best Value

Answer: (B)

36. In context of Industry Analysis which matrix allows strategists to summarize and evaluate economic, social, cultural, demographic, environmental, political, governmental, legal, technological and competitive information?

(A) EFE Matrix

(B) CPM Matrix

(C) BCG Matrix

(D) IFE Matrix

Answer: (A)

37. Which among the following best describes the process of gaining competitive advantage in a firm?

(A) Strengths → Weaknesses → Distinctive Competencies → Competitive Advantage

(B) Weaknesses → Strengths → Distinctive Advantages → Competitive Advantages

(C) Weaknesses → Strengths → Distinctive Competencies → Competitive Advantages

(D) Distinctive Competencies → Weaknesses → Strengths → Competitive Advantages

Answer: (A)

38. According to Porter, the nature of competitiveness in a given industry can be viewed as a composite of the following five forces:

1. Rivalry among competing firms.

2. Potential entry of new competitors.

3. Potential development of substitute products.

4. Bargaining power of suppliers.

5. Bargaining power of consumers.

Identify the force which is central (most powerful) to remaining four:

(A) Potential development of substitute products.

(B) Potential entry of new competitors.

(C) Bargaining power of consumers.

(D) Rivalry among competing firms.

Answer: (D)

39. Match the following:

Organizational Structure

Advantage

a. Functional Structure

1. Clarity of project objectives

b. Divisional Structure

2. Smooth delegation of authority and responsibility

c. Matrix Structure

3. Simple and inexpensive

d. Strategic Business Unit (SBU)

4. Ease of fixing accountability

Codes:

	A	b	c	d
(A)	1	2	3	4
(B)	3	4	1	2

(C)	3	4	2	1
(D)	4	3	1	2

Answer: (B)

40. A sound business opportunity is the result of appropriate interaction between:

- (A) Needs of the society (B) Capabilities of an entrepreneur
(C) Resources available in the environment (D) all of the above

Answer: (D)

41. "An entrepreneur always searches for change, responds to it and exploits it as an opportunity."
Who said it?

- (A) F.W. Taylor (B) Peter F. Drucker
(C) J.R. Tulsian (D) Max Weber

Answer: (B)

42. An industrial unit, according to RBI, is sick if

- (A) Incurred cash loss in the previous year.
(B) Likely to incur loss in the following year.
(C) Current ratio is less than 1: 1 with weak debt-equity ratio.
(D) all of the above.

Answer: (D)